



**中信建投证券股份有限公司**  
**CSC FINANCIAL CO., LTD.**

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

# 2022

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

CSC Financial Co., Ltd.

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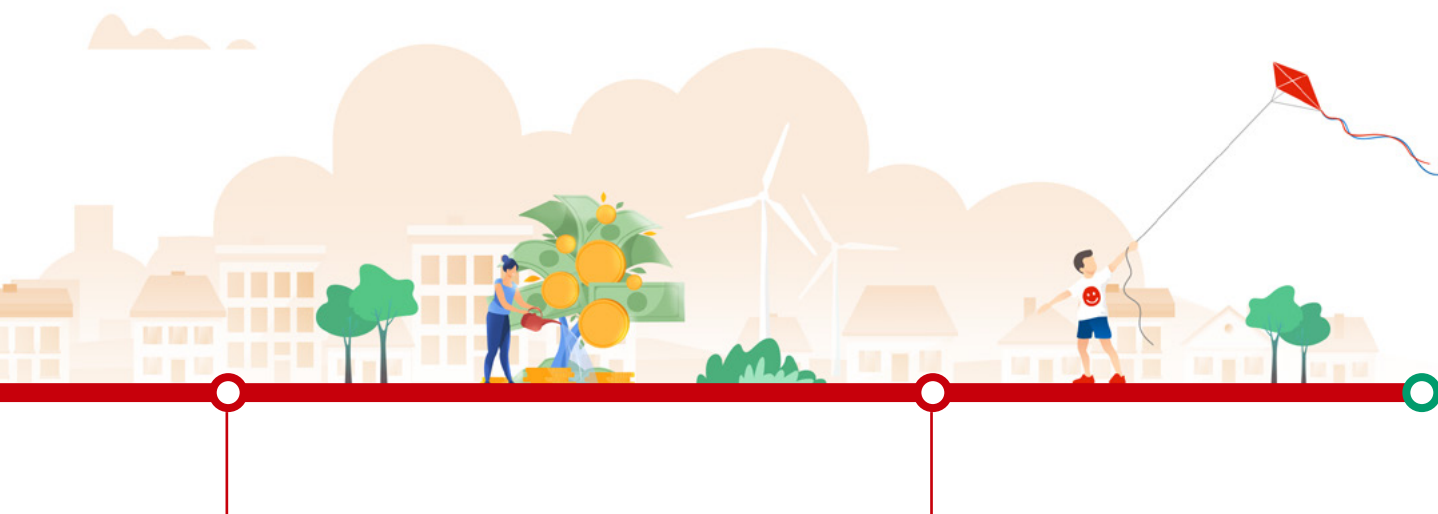
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# ESG Management Statement from the Board

The year 2022 was a transitional year for the 14th Five-Year Plan (FYP). Deeply internalizing and applying the spirit of the 20th National Congress of the Communist Party of China (20th CPC National Congress), CSC Financial Co., Ltd. (CSC) consistently delivered on the corporate mission “to gather talent, serve customers, create value, and contribute to society”. With a focus on advancing efforts on three major fronts – “building a customer service system”, “implementing a balanced development strategy”, and “promoting digital transformation” – we continued to prioritize high-quality development and improve our environmental, social, and governance (ESG) performance to create long-term sustainable value.

## The Board's role in ESG management

Consistently acting on our business approach to “benefit others and thrive together”, we deeply incorporate ESG into our corporate culture and long-term business strategy. We have established a top-down ESG management framework, with the Board of Directors and the Supervisory Board comprehensively overseeing ESG matters and holding the ultimate accountability for them. In 2022, the Board deliberated and approved multiple resolutions related to corporate governance, information disclosure, risk management, green finance, and other aspects, fully fulfilling its decision-making and supervisory responsibilities for ESG-related matters. We have established an ESG Committee under the Executive Committee responsible for reviewing, managing, and supervising the Company's ESG-related matters and their implementation. It also collaborates with the departments to drive the integration of ESG factors into every aspect of their work, including business operations management. The committee convened three meetings in 2022, deliberating and releasing multiple statements, including the *Responsible Investment Statement*, the *Supplier Anti-Corruption Management Statement*, and the *Anti-Corruption and Anti-Fraud Management Statement*. The Company has also set up an ESG Working Group responsible for coordinating and managing ESG issues, which efficiently executed all relevant tasks in 2022, guided by the Company's ESG management targets.

## ESG management policies and strategies

Our ESG efforts are focused on 15 visions anchored in three areas: “Driving Green and Low-Carbon Growth”, “Working Together to Shape a Vibrant Community”, and “Building Effective Corporate Governance”. In 2022, we identified 18 material ESG issues based on an ongoing dialogue with our stakeholders and an analysis of domestic and international policy trends, the information disclosure requirements of stock exchanges, and the focus of the capital market. The issues include sustainable finance, responsible investment, ESG risk management, human capital development, business ethics and financial crime prevention, information security and privacy protection, etc. We prioritized the issues based on their materiality and implemented targeted management practices.



#### ESG targets, indicators, and progress review

CSC continuously optimized relevant systems and management frameworks based on the identified material ESG issues. The Company set measurable indicators and targets in areas such as resource consumption, greenhouse gas (GHG) emissions, waste management, human resource management, product responsibility, and community welfare. We also built a quantitative ESG performance management mechanism to regularly track and monitor progress towards these targets. In 2022, we identified our key environmental performance target, which is to achieve a decline in our GHG emissions, electricity consumption, and water consumption per unit area in 2025 compared with 2022. We also pledge to steadily improve the identification and statistical management of non-hazardous and hazardous waste sources and limit the amount of waste generated to a low level. Additionally, we developed an ESG action plan based on the United Nations Sustainable Development Goals (UN SDGs) and industry best practices to continuously advance our sustainability practices.

CSC's long-standing dedication to ESG principles was highly recognized by professional institutions in 2022. We received a BBB rating in the MSCI ESG Ratings assessment for two consecutive years, placing us at the forefront of the industry; our score in the 2022 S&P Global Corporate Sustainability Assessment (CSA) also ranked among top securities companies in China.

Looking forward, we will continue to optimize our ESG management system and operating mechanism. We will amplify efforts to fully embed ESG factors into corporate governance, risk management, and business strategies and implement the new development philosophy in a complete, accurate, and comprehensive manner. We will adequately identify and respond to the risks and opportunities associated with ESG as we advance towards the goal of becoming a financial enterprise with leading ESG credentials to realize high-quality business development.

# About CSC

## Company Profile

Founded on November 2, 2005, CSC Financial Co., Ltd. is a comprehensive securities company operating nationwide, authorized by the China Securities Regulatory Commission (CSRC). The Company is registered in Beijing, with a registered capital of RMB 7.757 billion. The Company's major shareholders include Beijing Financial Holdings Group, Central Huijin Investment Co., Ltd., and CITIC Group Corporation Ltd., all large enterprises with ample capital resources, extensive experience in capital operations, and high public visibility. CSC went public on the Hong Kong Stock Exchange (Stock code: 6066.HK) and the main board of the Shanghai Stock Exchange (Stock code: 601066.SH) on December 9, 2016 and June 20, 2018 respectively.

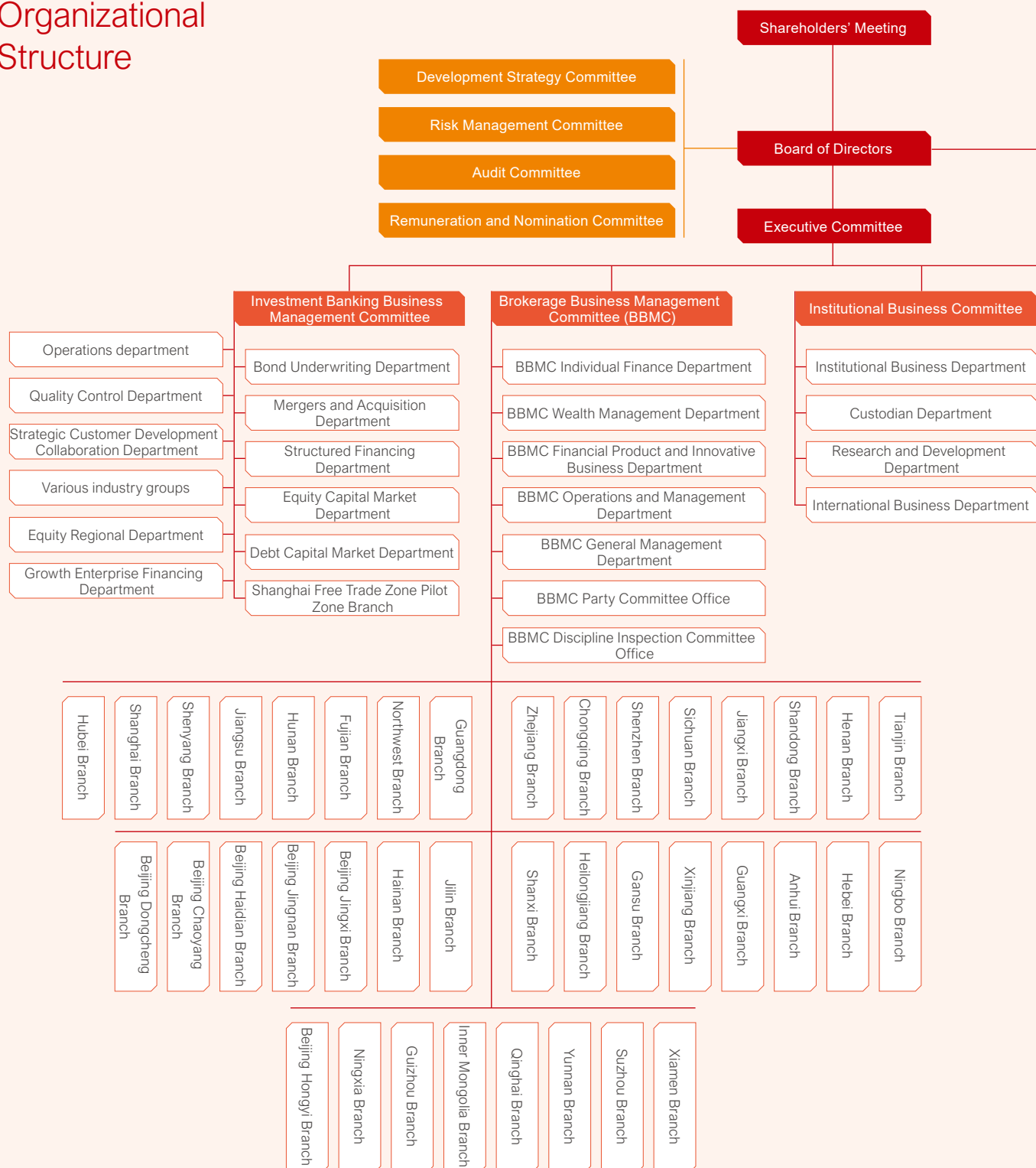
The Company has established a good reputation in providing high-quality and professional financial services to governments, businesses, institutions, and individual investors. It is one of the six securities companies for the CSRC's Consolidated Supervision Pilot Program.

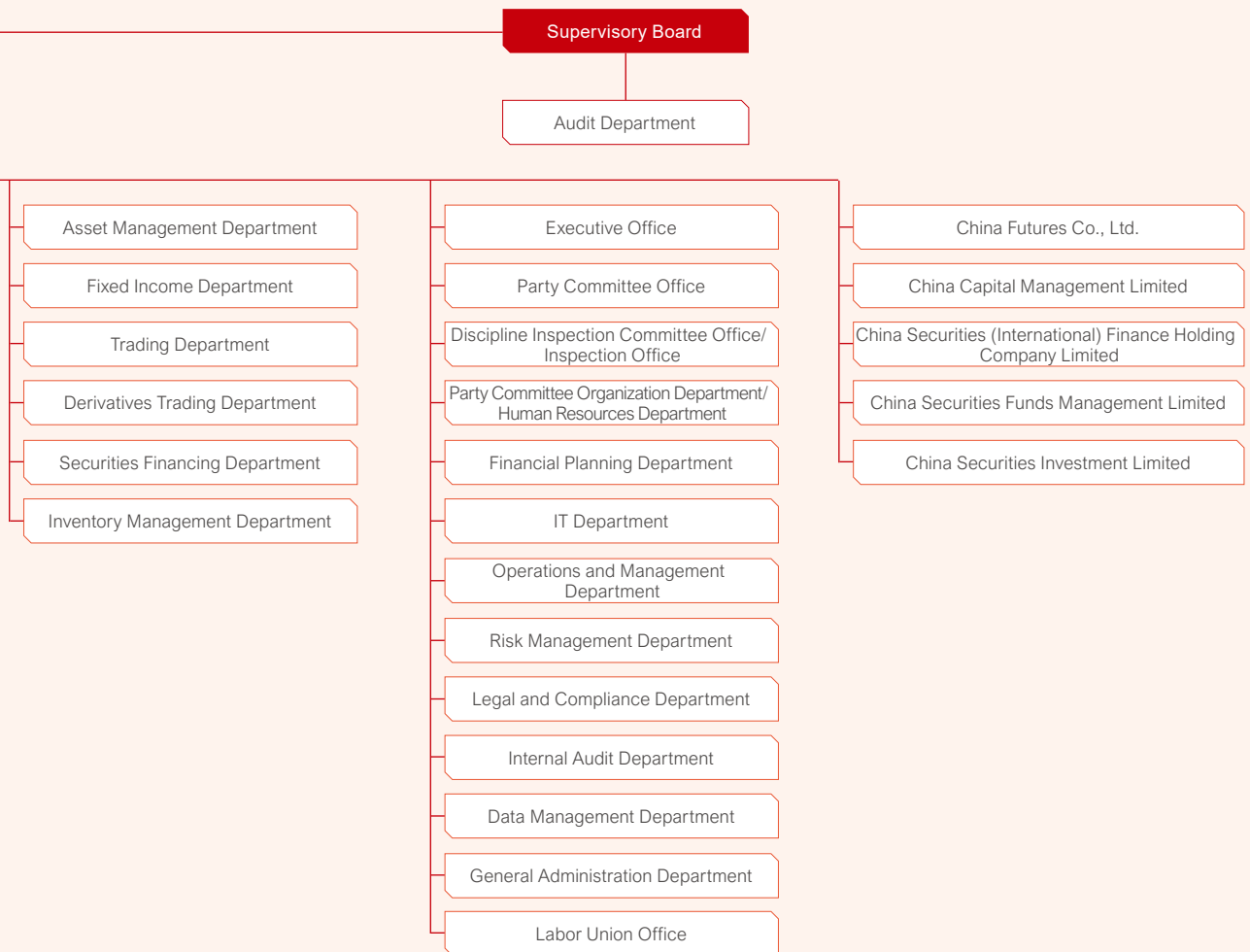
### An Overview of CSC in 2022

Company name	中信建投证券股份有限公司
English name	China Securities Co., Ltd. CSC Financial Co., Ltd. (We conduct business in Hong Kong under this registered English name.)
Headquarters address	No.188, Chaoyangmennei Street, Dongcheng District, Beijing
Primary business operations	Securities brokerage; securities investment advisory; financial advisory related to securities trading and securities investment; securities underwriting and sponsorship; proprietary securities trading; securities asset management; agency sale of securities investment funds; brokerage for futures companies; margin trading and securities lending; agency sale of financial products; market-making for stock options; securities investment fund custody; sale of precious metal products; market-making trading of listed securities.
Total assets	RMB 509,955 million
Operating revenue	RMB 27,565 million
Subsidiaries	China Futures Co., Ltd., China Capital Management Limited, China Securities (International) Finance Holding Company Limited, China Securities Funds Management Limited, and China Securities Investment Limited
Mainland branches	CSC has established 40 branches, 273 securities sales departments, and 28 futures branch offices in 30 provinces, autonomous regions, and municipalities throughout mainland China, forming an extensive business network system spanning the country.



# Organizational Structure





# ESG Strategy and Management

## Corporate Culture at CSC



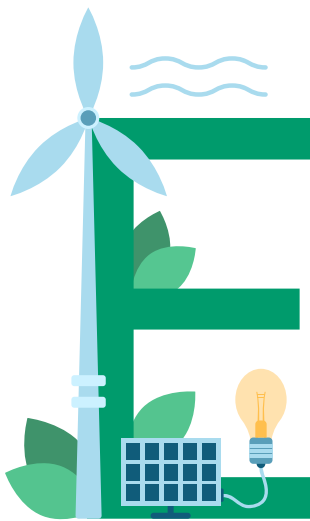
	Core Values	Achievements lead to status.
	Corporate Mission	To gather talent, serve customers, create value, and contribute to society.
	Corporate Vision	To be a best-in-class investment bank in China with loyal customers, engaged employees and happy shareholders.
	Business Ethos	Integrity, Focus, Growth, Win-Win
	Business Philosophy	Put people first, learn from competitors and draw lessons from history.
	Business Approach	Benefit others and thrive together.
	Operating Guidelines	Adhere to a correct and clear strategic direction; adhere to a balance between speed and quality of development; adhere to a heightened focus on risk management; adhere to human-centric and diverse employment; and adhere to healthy development.

## ESG Strategy and Vision

As our corporate mission, we aim to “gather talent, serve customers, create value, and contribute to society”. Consistent with our business approach to “benefit others and thrive together”, we work tirelessly to be a best-in-class investment bank in China with loyal customers, engaged employees, and happy shareholders.

We embed ESG into our corporate culture and long-term business development strategy and advance our ESG efforts from 15 visions anchored in three areas: “Driving Green and Low-Carbon Growth”, “Working Together to Shape a Vibrant Community”, and “Building Effective Corporate Governance”. We are committed to continuously improving our ESG management to create long-term, sustainable shared value for our shareholders, customers, employees, and other stakeholders.

### CSC's ESG Strategy and Vision



#### Driving Green and Low-Carbon Growth

- Building a sustainable financial system
- Innovating carbon-related financial services and products
- Empowering green industries
- Reducing environmental footprint
- Increasing public awareness of environmental protection



#### Working Together to Shape a Vibrant Community

- Supporting national strategies
- Serving the real economy
- Improving people's wellbeing and livelihoods
- Fostering talent growth and development
- Optimizing customer service system
- Engaging in charity and public good



#### Building Effective Corporate Governance

- Promoting business integrity and compliance
- Using technology to drive digital transformation
- Implementing effective risk management
- Creating a strong corporate culture

## ESG Management Structure

Effective ESG management requires buy-in from senior leadership and employees alike. Embedding ESG concepts throughout our business management, we have established an ESG management framework that operates from the top down.

The Company's Board of Directors and Supervisory Board comprehensively oversee ESG matters and are ultimately accountable for them. Fully fulfilling decision-making and supervisory responsibilities for ESG-related matters, the Board approved multiple proposals and matters related to corporate governance, information disclosure, risk management, green finance, and other issues in 2022.

### Key ESG-Related Matters Reviewed by CSC's Board of Directors in 2022

Key ESG issues	Reviewed content
Corporate governance	Deliberated and revised the Information Disclosure Management Measures, the <i>Registration and Management System for Persons in Possession of Insider Information</i> , the <i>Management Measures for the Holding and Changing of Company Shares by Directors, Supervisors, and Senior Executives</i> , the <i>Regulations on Management of Related Party Transactions</i> , the <i>Regulations on Management of Information Disclosure Deferral and Exemption</i> , and the <i>Regulations on Investor Relations Management</i> .
Information disclosure	Reviewed the Company's <i>2021 Social Responsibility &amp; Environmental, Social and Governance (ESG) Report</i> , which covered issues such as climate change response, sustainable finance, and responsible investment.
Comprehensive risk management	Reviewed multiple proposals, including the <i>Comprehensive Risk Management Measures</i> , the <i>2021 Risk Report</i> , and the <i>2022 Risk Management Policy</i> , and oversaw the construction, implementation, and operation of the risk management mechanism.
Operational compliance	Reviewed the <i>2021 Compliance Report</i> , the <i>Anti-Money Laundering Report</i> , the <i>Annual Performance Review of Compliance Officers</i> , the <i>Internal Control Measures for Anti-Money Laundering and Counter-Terrorism Financing</i> , and the <i>Self-Assessment Report on Money Laundering and Terrorism Financing Risks</i> .
Community welfare	Reviewed the <i>External Donation Management Measures</i> and the <i>Proposal on Total Donations to be Made by the Company in 2022</i> .

We have set up an ESG Committee under the Executive Committee chaired by the chairman of the Board and vice-chaired by the general manager. As authorized by the Board of Directors and the Executive Committee, the ESG Committee works closely with the various departments to incorporate ESG factors into corporate governance, business strategy, risk management, and other areas to drive continuous improvement in ESG management and promote sustainability practices across the Company.

### CSC's ESG Management Framework



In 2022, CSC organized three ESG Committee meetings, reviewing and approving proposals and matters related to ESG, such as the Company's ESG work plan for 2022, information disclosure, anti-corruption, responsible investment, and supplier management. The Company also released several statements, including the *Responsible Investment Statement (2022 Edition)*, the *Supplier Anti-Corruption Management Statement (2022 Edition)*, and the *Anti-Corruption and Anti-Fraud Management Statement (2022 Edition)*. We thus consistently strengthened and refined our ESG systems and processes, enhancing ESG transparency while building a reputation in promoting responsible business practices.

In 2022, we organized two Company-wide ESG training sessions, which covered a variety of topics from fundamental ESG concepts and development to up-to-date regulatory requirements and management practices. The sessions were uploaded to the Company's E-learning system available to all employees, to cultivate an increased understanding and heightened awareness of ESG throughout the Company. We also provided more than 30 ESG training sessions specially for investment managers.

## Stakeholder Engagement

Establishing the Company's ESG management priorities through ongoing engagement with stakeholders is a crucial cornerstone for implementing our ESG and social responsibility management efforts.

The Company has identified several key stakeholder groups based on the specificities of our business and management operations. They are our shareholders and investors, the government and regulators, customers, employees, suppliers and partners, and community and the environment. We have put in place a standardized communication mechanism that combines real-time and scheduled communication, topic-specific communication, and periodic exchanges to help us understand and respond to our stakeholders' concerns and expectations.



Shareholders and investors



Government and regulators

### Top concerns

- Corporate governance
- Operational compliance
- Comprehensive risk management
- Business ethics and prevention of financial crimes
- Supporting the real economy

- Comprehensive risk management
- Operational compliance
- Supporting the real economy
- Business ethics and prevention of financial crimes
- Industry culture building
- Rural revitalization
- Inclusive finance
- Climate change response

### Communication channels

- Shareholders' meetings
- Regular information disclosure on stock exchange websites
- Investor communication meetings and surveys
- Phone, email, and SSE Info
- Company website, WeChat Official Account, and other platforms

- Participation in government inspections and research events
- Major conferences
- Policy consultation
- Exchange of official correspondence
- Event reporting

Moreover, the Company proactively leverages new media platforms to foster stakeholder engagement, which helps us stay tuned to and promptly address the stakeholders' concerns and maintain ongoing communication with them.



Customers



Employees



Suppliers and partners



Community and the environment

- Optimizing customer service
- Responsible marketing
- Information security and privacy protection
- Responsible investment
- Inclusive finance
- Investor education and protection

- Human capital development
- Employee rights and welfare
- Workplace diversity and inclusion

- Operational compliance
- Supplier Management

- Rural revitalization
- Community welfare
- Green operations
- Climate change response
- Responsible investment

- Customer surveys and visits
- Customer complaint hotline
- Customer satisfaction surveys
- WeChat Official Account and other media
- Investor education activities

- Recruitment
- Trade union cultural and sports activities
- Employee training
- Daily communication and feedback
- WeChat Official Account, company website, and other platforms

- Strategic partnership negotiations
- Supplier inspections
- Formulation of procurement management measures
- Daily communication
- Bidding activities

- Community activities
- Volunteer activities
- Research and implementation of public welfare projects such as rural revitalization and environmental protection
- Promotion of paperless operations
- Green buildings
- Development of green finance

## Topic Identification and Materiality Assessment

The key to implementing effective ESG management and information disclosure is to identify the material issues. Our identification process in 2022 was based on several key pillars: an ongoing dialogue with our stakeholders, an understanding of our business and industry characteristics, and an analysis of the policy trends, information disclosure requirements of stock exchanges, and focus of capital market rating agencies such as MSCI and S&P in 2022. A comprehensive consideration of all these factors led us to identify and summarize 18 material issues to be the focus of our management efforts in 2022.

Furthermore, we prioritized the 18 material issues by incorporating the input of internal and external experts, opinions of the management, and the primary focus areas of capital market rating agencies. We presented the results of the assessment in a materiality matrix. This report mainly focuses on the management and performance on ESG issues that mattered most to our business and our stakeholders in 2022.

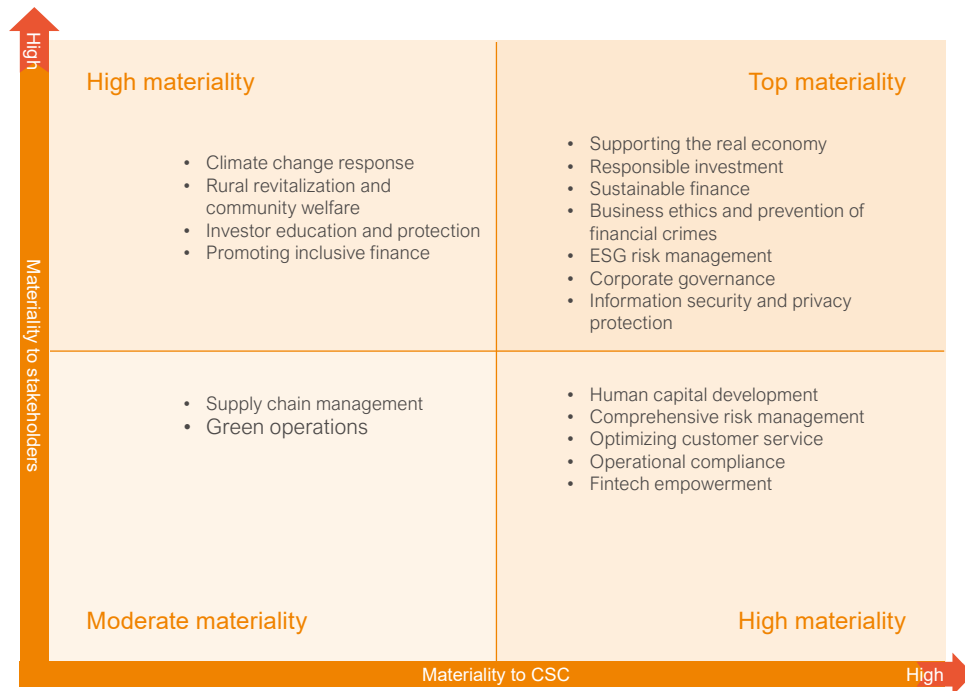
### Materiality Assessment Process



## Primary Changes in CSC's Material Issues for 2022

Material issues 2021	Material issues 2022	Change	Reasons for change
Serving national strategies	Supporting the real economy	Optimized phrasing	Based on the Company's situation, industry documents, and relevant standards, we consolidated the issues and optimized the phrasing to better align them with the latest prevailing expressions.
Rural revitalization and charity	Rural revitalization and community welfare		
Digital transformation	Fintech empowerment		
Sustainable investing and financing	Sustainable finance Responsible investment	Extension and upgrade	We extended the scope of the issues and benchmarked them against the focus areas of MSCI ESG Ratings and S&P CSA to improve information disclosure and meet regulatory requirements.
Risk management	Comprehensive risk management ESG risk management		

## CSC Materiality Matrix 2022



# CSC's 2022 CSR Highlights

## CSR Highlights



### Economic



**275.65**

Operating revenue  
(RMB 100 million)

**75.07**

Net profit attributable to shareholders of  
the Parent Company (RMB 100 million)

**3.10**

Social contribution  
per share (RMB)

**79**

Number of equity  
financing transactions

**1,333.88**

Total equity financing lead  
underwriting amount (RMB100  
million)

**2,501**

Number of bond issues  
as lead underwriter

**13,067.62**

Total bond lead underwriting  
amount (RMB100 million)



### Social



**2,498.77**

Total charitable giving  
(RMB 10,000)

**8**

Number of rural revitalization and poverty  
alleviation bond issues as lead underwriter

**17.65**

Rural revitalization and poverty alleviation bond lead  
underwriting amount (RMB100 million)



## Environmental

0.046

GHG emissions per unit area  
(tCO<sub>2</sub>e/m<sup>2</sup>)

78.98

Electricity consumption per  
unit area (kWh/m<sup>2</sup>)

0.14

Natural gas consumption  
per unit area (m<sup>3</sup>/m<sup>2</sup>)

0.33

Water consumption per unit  
area (tonnes/m<sup>2</sup>)

78

Number of green bond  
issues as lead underwriter

414.84

Total green bond underwriting  
amount (RMB100 million)

1,714.31

Total capital raised from green bond  
underwritings (RMB100 million)

24





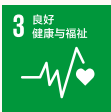



Number of carbon neutral bond  
issues as lead underwriter

66


Total carbon neutral bond underwriting  
amount (RMB100 million)



## Actions on SDGs

Aspects	SDGs	Actions
 Environmental	   	<ul style="list-style-type: none"> <li>Actively promoted green office practices to maximize resource utilization and reduce the environmental impact of our business activities.</li> <li>Set up a Company-wide climate risk management framework to identify the impact of climate-related risks and opportunities on finance.</li> <li>Engaged in sustainable finance, incorporating environmental factors into risk analysis, due diligence, classified statistics, and communication and engagement and providing investment and financing support for green and low-carbon industries such as energy conservation, environmental protection, clean production, clean energy, ecological environment, and green infrastructure.</li> </ul>
 Social	   	<ul style="list-style-type: none"> <li>Created a healthy and safe working environment, actively promoted equal employment opportunities, and worked to foster a harmonious and diverse workplace culture.</li> <li>Continuously increased support for social welfare projects such as municipal services, healthcare, culture and education, agriculture and food, and rural revitalization and assistance, leveraging responsible financing practices to contribute to better social welfare.</li> <li>Actively supported the national rural revitalization strategy, continuing to advance relevant efforts by offering financial, industrial, and educational support.</li> <li>Actively participated in charitable giving and volunteer activities.</li> </ul>
 Governance	   	<ul style="list-style-type: none"> <li>Fully integrated ESG into the Company's business management and established a top-down ESG management framework.</li> <li>Strengthened anti-corruption and professional integrity management and education, guided employees to uphold ethical business conduct, and undertook compliant operations.</li> <li>Improved the compliance risk management system, optimized the compliance risk personnel management mechanism, and strengthened internal control team building.</li> <li>Stepped up digital platform construction and provided innovative financial products and high-quality financial services.</li> </ul>

## CSR and ESG Awards and Rating Recognition in 2022

Entity	Awards / rating recognition	
CSC		Received BBB rating in the MSCI ESG Ratings assessment for two consecutive years, ranking among top securities companies in China
	S&P Global CSA	Obtained a score of 44 in the 2022 S&P Global CSA, ranking among top securities companies in China
	CSRC	2021-2022 Outstanding Investor Education Base
	S&P	BBB+ rating, the highest rating for domestic securities companies at present, with a stable outlook.
	Moody's	Baa1/Stable credit rating
	Fitch Ratings	BBB+/Stable credit rating
	China Association for Public Companies (CAPCO)	2022 Board of Directors Best Practice Award of Listed Companies
	CAPCO	2022 Supervisory Board Outstanding Achievement Award of Listed Companies
	National Internet Finance Association of China (NIFA)	Award for Mobile Finance App Innovation Practices: Exemplary Cases
	China Institute of Communications (CIC)	2022 "Innovation China" Innovation Achievement of the Year for Financial Technology and Digital Transformation
	<i>China Securities Journal</i>	2022 Golden Bull Social Responsibility Award for Securities Companies
		2022 Top 10 Chinese Securities Companies for Supporting STAR Market IPOs
		2022 Chinese Securities Companies Golden Bull Fintech Award
	<i>Securities Times</i>	First China Securities Industry Junding Award for All-Round Digital Transformation First China Securities Industry Junding Award for Top 10 Brand APPs First China Securities Industry Junding Award for Investment Advisory Services
	<i>New Fortune</i>	Ranked 6th in "Most Influential Research Institutes" Ranked 9th in "Best Local Research Institutes" Ranked 8th in "ESG Best Practice Research Institutes"
	Zhaopin.com and the Center for Social Research of Peking University	Best Campus Recruitment Practice Award in the China Best Employer Award 2022 Most Promising Employer Award in the China Best Employer Award 2022
China Securities International	HKEx's Core Climate	One of the first participants in Core Climate
China Securities Futures	Shanghai Futures Exchange	2021 Natural Rubber "Insurance+Futures" Pilot Project Top Award
	<i>Futures Daily Securities Times</i>	Best Rural Revitalization Service and Social Responsibility Public Welfare Award

# Feature I

## Serving National Strategies and Writing a New Chapter of High-Quality Development Together

Committed to the founding purpose of serving the country with finance, CSC places a high premium on the “greater good” of the country and actively fulfills its mission and responsibility as a state-owned financial enterprise. With a focus on serving the real economy, we align efforts with the deployment of national strategies and take actions to support innovation-driven development. We continue to increase support for private and small and medium-sized enterprises (SMEs) to empower inclusive finance and invigorate the real economy as a “financial lubricant”.



### 2022 Performance Highlights

- Completed 34 IPOs on the SSE STAR Market, GEM (Growth Enterprise Market), and BSE (Beijing Stock Exchange).
- Led the underwriting of 33 sci-tech innovation corporate bonds totaling RMB 21,005 million.
- Completed 18 private placements on the NEEQ (National Equities Exchange and Quotations), raising RMB 640 million in total; provided continued supervision for 47 companies listed on the NEEQ Innovation.
- China Securities Investment completed strategic placements and follow-up investments of 13 companies during their IPOs on the STAR Market, with a total investment of RMB 938 million
- Provided wealth management services to over 12 million clients.
- Led the underwriting of 101 private company bonds, with an underwriting amount of RMB 43,486 million in total.
- Led the underwriting of 25 financial bonds for MSE (micro and small enterprise) loans, with an underwriting amount of RMB 34,282 million in total.



## Supporting Innovative Industries

The innovation-driven development strategy is an essential ingredient for achieving high-quality development as China embarks on a new journey to be a modern socialist country in all respects. Strongly embracing the strategy, CSC continues to strengthen its ability to efficiently allocate financial resources and support the innovation-driven economy by nurturing emerging industries and empowering innovative SMEs, fully leveraging the role of finance in fostering an innovation system.

Closely following the development needs of emerging industries, the Company constantly strives to improve its overall capabilities in investment, financing, management, and services in this direction, playing an instrumental role in facilitating the implementation of national strategies and augmenting investment and financing in emerging industries.



### Assisting Jiake Group in issuing entrepreneurship and innovation bonds to help emerging industry enterprises enhance quality and efficiency

In 2022, CSC acted the lead underwriter and bookkeeper in assisted Jiaxing Technology City Investment Development Group Co., Ltd. (referred to as Jiake Group ) in completing the private placement of the 2022 entrepreneurship and innovation corporate bonds for professional investors (first tranche) with the bond code “22JKK1”.

The “22JKK1” had a total issue size of RMB 410 million, and the capital raised was mainly allocated towards supporting sci-tech innovation in sectors such as biomedicine, chip manufacturing, and high-tech manufacturing. The successful bond issuance greatly fueled companies' transformation and upgrading drive. It is also a concrete demonstration of CSC's unwavering commitment to supporting emerging industry enterprises to improve their quality and efficiency in alignment with the national innovation-driven development strategy.



### Jointly setting up the “Ningde Runxin Fund” to support the new energy industry

On September 1, 2022, China Securities Capital, CITIC-Prudential Life Insurance Co., Ltd., and Fuzhou Branch of China CITIC Bank jointly established the Ningde Runxin Equity Investment Partnership Enterprise (Limited Partnership) (referred to as Ningde Runxin Fund).

The Ningde Runxin Fund had an initial size of RMB 500 million, with China Securities Capital serving as the fund manager. The fund primarily invested in technology-oriented high-quality projects within the new energy industry chain to promote the development of the new energy industry and emerging industries.

In alignment with the national innovation-driven development strategy, CSC assisted in the IPO of a group of hard-tech enterprises devoted to innovation-driven development, including AVIC (Chengdu) UAS Co., Ltd., Shaanxi Huaqin Technology Industry Co., Ltd., Vanchip (Tianjin) Technology Co., Ltd., CloudWalk Technology Co., Ltd., iSoftStone Information Technology (Group) Co., Ltd., and Sinosteel Luonai Materials Technology Co., Ltd., actively supporting the financing needs of sci-fi companies.



### Sponsoring JinkoSolar's listing on SSE STAR Market to drive transformation and upgrading of PV technology

CSC sponsored JinkoSolar Holding Co., Ltd. (referred to as JinkoSolar) in its successful debut on the Science and Technology Innovation Board of the Shanghai Stock Exchange (SSE STAR Market), raising a total of RMB 10 billion. As a globally renowned manufacturer of PV products focused on PV technology, JinkoSolar upholds the mission of “optimizing the energy portfolio and taking responsibility for enabling a sustainable future” and remains dedicated to providing high-efficiency, high-quality solar PV products around the globe.

As the sole sponsor of the IPO, CSC assembled an expert service team with deep experience in the new energy industry, which worked closely with the issuer and various intermediaries to bring the project to successful fruition. The capital raised from this IPO would be used to further enhance JinkoSolar's R&D and production capabilities for high-efficiency N-type cells and component products, thus driving the continued transformation and upgrading of its PV technology.



Assisting AVIC (Chengdu) UAS in successful IPO on SSE STAR Market, supporting frontier innovation in domestic UAV technology

AVIC (Chengdu) UAS Co., Ltd. (referred to as AVIC (Chengdu) UAS) debuted on the SSE STAR Market in June 2022. As a critical platform for UAV (unmanned aerial vehicle) industrialization established by the Aviation Industry Corporation of China (AVIC), AVIC (Chengdu) UAS is a domestic leader in large long-endurance fixed-wing UAV systems. Its Wing Loong series has won numerous accolades such as the Commendation Award in the fifth China Grand Awards for Industry, and the First, Second, and Third Prizes of the National Defense Science and Technology Progress Award.

This IPO is the largest in AVIC's history and the largest in the past five years for central state-owned arms enterprises. CSC played a pivotal role as the sponsor and lead underwriter in facilitating AVIC (Chengdu) UAS's efficient financing and achievement of a substantial oversubscription. The Company thus provided crucial support for pioneering cutting-edge technological innovation in domestic UAV industry and contributing to strengthening China's aviation power.



AVIC (Chengdu) UAS debuted on SSE STAR Market



- Completed **34** IPO projects on SSE STAR Market, GEM, and BSE
- Led the underwriting of **33** sci-tech innovation corporate bonds totaling RMB **21,005** million.
- Conducted **18** private placements on the NEEQ, raising RMB **640** million; provided continued supervision for **47** companies listed on the NEEQ Innovation
- China Securities Investment completed strategic placements and follow-up investments of **13** companies during their IPOs on STAR Market, with a total investment of RMB **938** million

## Promoting Regional Development

CSC's growth has always been driven by a commitment to serving national strategies. We firmly implement the guidance of the CPC Central Committee and the State Council on major national strategies, including the Great Western Development Strategy, the Rise of Central China Plan, and the Guangdong-Hong Kong-Macao Greater Bay Area, the Chengdu-Chongqing Economic Circle, and the Zhejiang demonstration zone for common prosperity. We empower regional economies by leveraging our securities expertise in areas such as investment banking and bonds and provide customers with high-quality investment and financing services tailored to the evolving needs of regional economic restructuring.



Helping CCCI implement new urbanization project to contribute to high-quality economic development of Changshan city

As the lead underwriter, CSC represented Changshan County Urban Investment Group Co., Ltd. (CCCI) in the successful issuance of Urbanization Corporate Bonds with a total size of RMB 800 million. The first tranche of the bond issuance was completed in January 2022, and the capital raised from the bond issuance would primarily be directed towards the Slow City Cultural Tourism Expo Center project of Changshan County.

The successful issuance of the corporate bonds was a positive response to the *Opinions of the Central Committee of the Communist Party of China and the State Council on Building a Demonstration Zone for Achieving Common Prosperity Through High-Quality Development in Zhejiang*. It not only enriched the life of local residents but also promoted the development of Changshan County as a priority county for public culture, driving the integration between tourism and culture and propelling the growth of local tourism industry.



"Baoding Mother Fund" promoting the urban renewal of Baoding City, integrating it into the overall development plan of the Beijing-Tianjin-Hebei Region

China Securities Capital, Baoding Guokong Group Co., Ltd., and China Railway Construction Investment Group Co., Ltd. jointly set up the Baoding Runxin Urban Development Mother Fund Partnership Enterprise (Limited Partnership) (referred to as Baoding Mother Fund) in August 2022, with a total size of RMB 3,202 million.

The Baoding Mother Fund mainly invests in private equity investment funds that focus on urban renewal, infrastructure, urban amenities, and other related areas. The fund will be an important enabler of accelerated urban village transformation and a modern quality life in Baoding City. It will drive the city's overall urban renewal efforts and facilitate its full integration into the larger development plan of the Beijing-Tianjin-Hebei Region.



## Empowering Inclusive Finance

The private economy and micro, small, and medium enterprises (MSMEs) are the lifeblood of economic growth and the bedrock for high-quality development. They play a crucial role in driving stable growth, creating jobs, and fostering innovation, among other areas.

We continue to improve our financial product offerings to meet the diversified investment needs of our customers. We also actively engage in the development and promotion of innovative products such as personal pension business and REITs, taking tangible measures to promote financial inclusion.

In 2022, many private companies and MSMEs struggled with inadequate risk management capabilities and limited access to financing. Continuing to implement national policies calling on financial institutions to support private companies and MSMEs, we rolled out a suite of initiatives to improve their risk management capabilities and alleviate their difficulties in gaining access to financing. We made dedicated efforts to revitalize these important economic players and lead the charge towards a more inclusive financial landscape.

### CSC's Initiatives and Achievements in Promoting Financial Inclusion in 2022



- China Securities Futures helped SMEs use derivative tools in futures trading to improve their risk management capabilities and navigate market price fluctuations. In 2022, the company launched a series of activities under the campaign of "Stabilizing Prices to Aid Enterprises – China Securities Futures' Enterprise Risk Management Services" and a series of meetings focused on "Solving Industry Chain Problems to Facilitate Work Resumption". Those efforts helped SMEs stay informed of the latest market information and master risk management methods for raw materials. Additionally, China Securities Futures conducted 117 over-the-counter (OTC) options transactions with 13 SMEs and carried out 110 "insurance + futures" projects in nine provinces and municipalities, providing protection for 5,021 farmers, cooperatives, and agribusinesses in approximately 61 counties and cities, with an insured value of approximately RMB 2,787 million.



- We introduced credit protection tools and proposed a "bond issuance + credit protection contract creation" plan to improve credit risk hedging and pricing mechanisms. The initiative provided enhanced credit support for private enterprise bond financing and leveraged "low insurance premiums" to mobilize market funds to invest in private enterprise bonds;
- To support the growth and financing needs of high-performing private companies and MSMEs, we invested in non-publicly traded company equities and the NEEQ;
- We helped SMEs tackle their financing and liquidity challenges through the issuance of MSE bonds and debt relief bonds;
- China Securities Investment carried out post-investment work for multiple SME development funds and continuously provided strong financing support for domestic high-performing SMEs through the investments.

### Facilitating financing for private real estate enterprises with “bond issuance + credit protection contract creation” model

The financing difficulty faced by the real estate industry led to a low level of investor interest in subscribing to real estate industry bonds. It is in this context that CSC partnered with China Securities Finance Corp., Ltd. (CSF) to propose a comprehensive service solution called “bond issuance + credit protection contract creation” designed to support the bond issuance of private real estate enterprises.

On May 20, 2022, the Company and CSF assisted Country Garden Holdings Co., Ltd. in the successful issuance of its corporate bonds, with the bond code “22BG01”, by jointly creating a credit protection contract. Focusing on credit protection for private real estate enterprises, this contract is one of the first of its kind in the market. This model effectively leveraged “low insurance premiums” to mobilize market funds to invest in private real estate enterprise bonds.

### Facilitating the stable development of MSMEs in the cotton spinning industry chain with “price spread trading + warehouse receipt service” model

The inverted prices of spot and futures cotton in early 2022 left many MSMEs struggling with their operating models and in urgent need of a solution to the long-term price inversion and the uncertainty caused by weak consumption.

A China Securities Futures subsidiary worked out the “price spread trading + warehouse receipt service” model with a company, with the aim of lowering the procurement costs. This price spread quoting model was able to mitigate the impact of market fluctuations on the company by converting risk exposure to changes in the absolute price to that of the spread, thus protecting the price, reducing costs, and increasing profits. Based on sound judgement of the spread, the company achieved approximately RMB 104,600 in total spread profits on 10 batches of cotton, averaging approximately RMB 245 per ton.

This model can help MSMEs effectively lower labor costs and free up capital. Moreover, using spread pricing enables companies to compare prices from multiple sources so that they can capture the right time to lock in prices during market downturns, thus maintaining smooth operations.



#### In 2022, CSC

- Led the underwriting of **101** private company bonds, with an underwriting amount of RMB **43,486** million in total
- Led the underwriting of **25** financial bond issues for MSE loans with a total issue size of RMB **208** billion, an underwriting amount of RMB **34,282** million in total

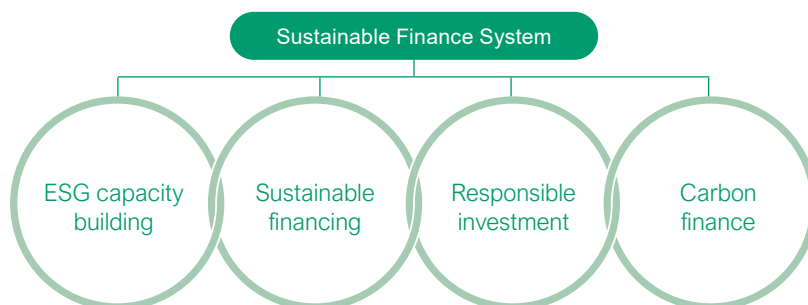


# Feature 2

## Embracing ESG Principles and Conducting Sustainable Finance

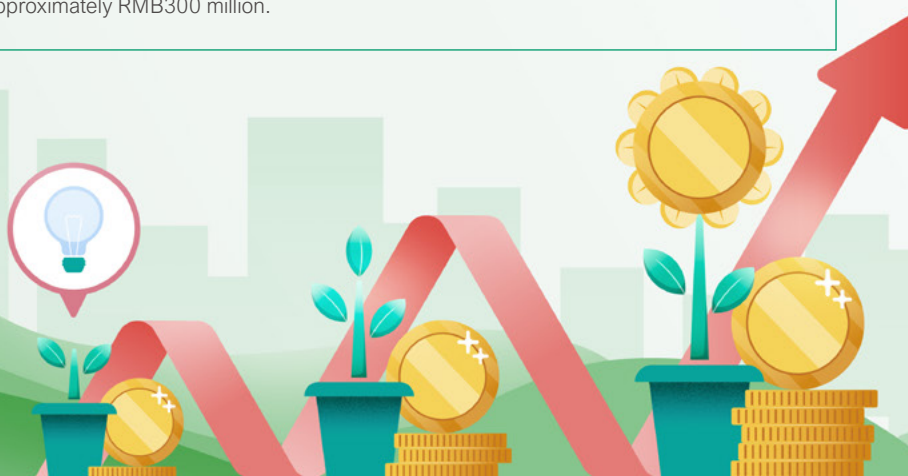
Human activities and economic development have had a profound impact on the natural environment and the ecosystem on earth. The introduction of the carbon peaking and carbon neutrality goals (the “30-60 Target”), coupled with the rapid economic restructuring in China, has made sustainable finance a key imperative for securities companies aiming for high-quality development.

CSC regards the development of sustainable finance as its duty and mission. We actively integrate ESG factors into our business processes and take a comprehensive approach to assessing the impact of financial activities on the economy, society, and environment. We also leverage our expertise in financial innovation to drive progress towards a greener and more inclusive economy.



### 2022 Performance Highlights

- Helped raise RMB 60,246 million in ESG-themed equity financing as lead underwriter, accounting for 45.17% of total equity financing amount.
- Led the underwriting of RMB 42,749 million in ESG bonds, raising RMB 174,598 million in total, accounting for 3.27% of the total bond underwriting amount as lead underwriter.
- The Asset Management Department invested RMB 122.85 billion in ESG-themed stocks, bonds and funds, accounting for 28.04% of the total asset management business.
- Inaugurated ESG-themed collective asset management plan, focusing on investing in bond and stock assets with good ESG performance and in line with the green and sustainable development concept. By the end of 2022, we have established and operated 3 ESG-themed fixed-income-plu products with a total scale of approximately RMB300 million.



## Sustainable Finance System

CSC is committed to “serving the real economy, promoting green development, and improving people’s well-being”. We have developed a sustainable finance framework by incorporating ESG factors into risk analysis, conducting ESG due diligence reviews, and providing ESG research and consulting services. This model is rooted in our strong ESG commitment, which we consistently put into action across various areas of business, including investment banking, asset management, and wealth management.

Based on relevant environmental and social standards, we have established a sustainable industry classification directory specifically tailored to our business, which is focused on industries with environmental and social benefits. We continuously increase support for relevant enterprises and projects to contribute to the implementation of national policies and guidelines and the UN SDGs.

### CSC’s Sustainable Finance Framework



**Sustainable finance goals**

Serving the real economy, promoting green development, and improving people’s well-being



**ESG capacity building**

ESG risk analysis, ESG due diligence, ESG research and consulting



**Business integration**

Investment banking, asset management, wealth management, fixed income, research services, international business



**Industry focuses**

- Green and low-carbon: Energy conservation and environmental protection industry, cleaner production industry, clean energy industry, ecological environment industry, green infrastructure, green services
- Social welfare: Municipal services, affordable housing construction, healthcare industry, culture and education industry, agriculture and food industry, rural revitalization and assistance

## ESG Capacity Building

ESG risks are typically characterized by high uncertainty and complexity and may impact a company’s business and financial performance in multiple ways. As an active participant in the financial market, CSC is committed to building a sustainable finance framework that defines, categorizes, and outlines the forms of sustainable finance activities, guides the incorporation of ESG factors into the risk management process, and promotes the achievement of the SDGs through sustainable financing, responsible investment, and advisory services.

The Company proactively integrates ESG factors into the customer review and credit analysis process during project approval and throughout the project lifecycle. We employ necessary due diligence to assess the ESG performance of investees or issuers and thoroughly evaluate their ESG risk exposure to avoid enterprises with significant ESG deficiencies.

## ESG Risk Management

To implement sustainability principles and prevent and resolve ESG-related risks, the Company has developed the *CSC ESG Risk Management Statement*, along with a set of business-specific policies. They explicitly mandate the inclusion of ESG factors into all business processes, including due diligence, decision-making and approval, and subsequent management. They guide the Company to identify, evaluate, and manage potential ESG risks and prevent them from turning into investment and financing risks.

The Board of Directors is the highest decision-making body for ESG risk management, deciding on matters such as the Company's ESG risk management strategies and policies, risk management system, internal control arrangements, and the handling of major risk events. The Executive Committee bears the main responsibility for ESG risk management, making general decisions as to the avoidance, controlling, mitigation, or acceptance of ESG risks in accordance with the risk management policies set by the Board of Directors. The Executive Committee also decides on improvements of the Company's risk management and internal control systems and measures. The Company has set up three dedicated risk control departments: the Risk Management Department, the Legal and Compliance Department, and the Audit Department. They independently exercise ESG risk control and supervisory functions before, during, and after events pursuant to their respective duties.

In respect of the risk control standards, industry concentration, due diligence requirements, and audit process of projects, the Company places a special focus on environment-sensitive industries such as energy, agriculture, biodiversity, climate change, forestry, mining, oil and gas. We avoid projects with potentially significant negative environmental impacts, limit the concentration of high-risk industries, tighten due diligence requirements for relevant projects, and provide additional explanations on relevant issues in the project audit process. Moreover, in investment banking business, we strictly audit the use of capital raised by the issuers and mandate the acquisition of project registration and environmental approval documents as a prerequisite for providing project financing. In cases where issuers invest the capital in energy- and emissions-intensive industries, we strictly review whether the funded projects comply with national and local industry policies to prevent capital from being used in outdated industries as prohibited by relevant regulations.

Our ESG risk management encompasses a variety of business areas, including investment banking, asset management, fixed income, and margin financing and securities lending. All the departments and branches are required to implement ESG risk control measures at work and conduct frontline ESG risk control within their scope of responsibility in alignment with the Company's rules and regulations and risk control requirements.

### CSC's ESG Risk Management Practices in Key Business Areas

Business	ESG risk management practices
Investment banking	<ul style="list-style-type: none"> <li>In terms of risk triggering and reporting mechanisms, in cases where a company has been subject to administrative penalties in the past 36 months due to environmental issues, non-compliant labor practices, or safety accidents, we will determine whether to terminate cooperation upon assessment.</li> </ul>
Margin financing, securities lending, and share pledging	<ul style="list-style-type: none"> <li>During project implementation, we assess a company's ESG performance from three aspects: Pre-communication and evaluation, In-process monitoring and review, and Post-reporting and assessment.               <ol style="list-style-type: none"> <li>① Pre-communication and evaluation: We communicate with the fund seekers during due diligence to collect information on matters such as environmental impact assessment (EIA), compliance with government regulations, and penalties received. Regarding the audit, on the one hand, the Company will not pass industries related to elimination based on the "Catalogue for the Adjustment of Industrial Structure (2019 Edition)" issued by the State Council. On the other hand, during the evaluation, environmental impact assessment (EIA) information will be given priority as one of the key audit contents.</li> <li>② In-process monitoring and review: The company tracks the release of public information or relevant negative public opinion regarding the subject's social responsibility, and if there are significant negative events, the addition of relevant business may be rejected after evaluation.</li> <li>③ Post-reporting and assessment: Reports are made to the Company in a timely manner when risk events or business risks significantly increase, and we evaluates the risk level of business departments, the implementation of risk control measures, and their effectiveness.</li> </ol> </li> </ul>

## ESG Due Diligence

CSC incorporates ESG factors into the due diligence process to ensure accurate identification, prudent evaluation, dynamic monitoring, timely response, and full-process management of ESG risks in all our business activities.

### Conducting ESG due diligence on a green bond issuance project

CSC conducted an ESG due diligence review on the bond issuance project of a green industrial limited company mainly engaged in urban infrastructure construction, energy, and agricultural development. In addition to building a large number of affordable housing units for local residents, the company also developed green agriculture through animal husbandry and fruit farming and promoted the adoption of advanced technologies such as water-saving irrigation, all of which positively contributed to rural revitalization. Based on a comprehensive evaluation, we determined that the issuer's business generated considerable environmental and social benefits.

It also came to our attention that the issuer's senior management had undergone frequent changes over the previous three years. The issuer had brought in skilled professionals to supplement the management team whilst continuously injecting plentiful quality assets. This was evidence that the local government held the issuer in high regard and recognized its performance.

Meanwhile, our subsidiaries also actively follow the ESG risk management and due diligence requirements of the Parent Company and implement systematic and compliant management of ESG risks at the business level. In July 2022, China Securities Capital issued the *Green Investment Guidelines of China Capital Management Limited (for Trial Implementation)*, specifying the scope of green investment and encouraging relevant departments to prioritize environmental sustainability and deepen their understanding of environmental risks.



## ESG Research and Consulting

The Company has set up a multi-factor and ESG strategy team in the R&D Department to conduct research on responsible investment and ESG. The team mainly engages in investment research services such as ESG investment strategy, climate risk research, stock quantification, asset allocation, and fund research, and its work continuously strengthens the theoretical foundation of ESG investment. In 2022, the team published over 20 ESG-related research reports, undertook some client-commissioned ESG research projects, and provided various ESG and climate-related consulting services.

### CSC's ESG Research Achievements in 2022

Category	Research achievements
Research report writing (partial)	<b>R&amp;D Department</b> <i>ESG Investment Strategy Report 2023: A Journey of Commitment and Diligence</i> <i>Global ESG Investment Advances Amidst Continued "Anti-ESG" Backlash</i> <i>Welcoming the 20th CPC National Congress: A New Journey for Green Bonds – Reflections on the Report to the Congress</i> <i>Climate Risks and Paris-Aligned Indexes</i>
	<b>China Securities Investment:</b> <i>Mapping the Logic and Investment Opportunities in the Development of New Energy Generation, Grid, and Consumption Under China's Power Market Reform</i> <i>Industry Insights and Investment Opportunities in the Lithium Battery Industry Chain During the Second Half of New Energy Vehicle Growth</i> <i>Reviewing Bottlenecks and Identifying Investment Opportunities During the Rapid Development of the Photovoltaic and Lithium Battery Industry Chains</i>
	<b>China Securities Futures:</b> Undertook research on behalf of the Guangzhou Futures Exchange on topics such as international green interconnectivity, regulatory mechanisms for China's national carbon market, and carbon futures listing. Undertook research on green deliverable commodities of coke on behalf of the Dalian Commodity Exchange. Conducted joint research on carbon financial products in partnership with CITIC Think Tank.
ESG index research	Created the CSC Energy Digitalization Index.
Industry communication	<ul style="list-style-type: none"> <li>Hosted a subforum on Sustainable Finance and ESG Ratings as part of the CSC 2023 Capital Market Summit.</li> <li>Took part in the revision of the <i>Green Investment Guidelines</i> developed by the Green and Sustainable Investment Committee of the Asset Management Association of China. article <i>Using Expertise to Empower Green Finance and Socially Responsible Investment</i> was selected for the SAC's "People's Finance in an Extraordinary Decade" essay competition.</li> <li>Actively participated in the formulation of green development-related standards. Serves as a non-permanent member of China Green Bond Standard Committee, the Company participated in the compiling of "<i>China Green Bond Principles</i>" which was officially released, effectively promoting the alignment of China's green bond standards with international practices.</li> <li>Co-hosted the Green Finance Facilitates Sustainable Development Summit to improve the top-level design of green finance and give full play to the important role of finance in promoting green and sustainable development.</li> <li>China Securities International became a member of the International Capital Market Association (ICMA) and studied its five major principles and guidelines in depth, namely the Green Bond Principles, the Social Bond Principles, the Sustainability Bond Guidelines, the Sustainability-Linked Bond Principles, and the Climate Transition Finance handbook.</li> </ul>
Other daily engagements	<ul style="list-style-type: none"> <li>Regularly presented our research findings on ESG investment strategies to institutional clients through roadshows.</li> <li>Undertook various ESG research projects for institutional clients spanning a wide range of topics.</li> </ul>



### Providing climate risk analysis and related ESG investment strategy services to an insurance asset management institution

Following international best practices and standards for sustainable investment while considering China's realities, we assisted an insurance asset management institution to develop a sustainable investment strategy in 2022 that aligned with China's strategic policy transformation.

Under China's 2060 carbon-neutral framework, we helped the institution develop a projected warming model to predict the risks and opportunities associated with low-carbon transition when the temperature rises by 1-4°C, along with a set of projected warming indicators and green revenue indicators. We also instructed the institution to complete a climate target scorecard, collect coal and fossil fuel-related data, calculate a low-carbon transition score, and create a database of clean technology patents, among others.

In respect of investment management, the Company provided services in target selection, risk management, performance attribution, and other aspects. For target selection, we screened out assets with particular climate risk characteristics from the institution's stock pool and closely monitored changes in the ESG scores; for risk management, we evaluated the portfolio's climate risks based on indicators such as carbon emissions; for performance attribution, we analyzed and attributed the returns of the ESG investment portfolio using several attribution models, such as the Brinson model, and made dynamic adjustments to the weightings of the portfolio accordingly.

### CSC's Quantitative ESG Research Achievements in 2022

Indicator	Unit	2022	2021	2020
Number of green-themed research reports (such as energy conservation and environmental protection, cleaner production, clean energy, ecological environment, and green services)	Piece	108	239	130
Number of socially-oriented research reports (such as municipal services, healthcare, culture and education, and agriculture and food)	Piece	807	1,033	846
Number of research reports related to the 30-60 Target	Piece	19	70	36
Number of research reports related to major natural disasters	Piece	7	5	342



## Sustainable Financing

Responding to the national 30-60 Target strategy, CSC actively provides financing support for green and low-carbon industries such as energy conservation and environmental protection, cleaner production, clean energy, ecological environment, and green infrastructure by undertaking businesses in IPOs, refinancing issuances, bond issuances, financial advisory services, etc. We collaborate with our customers to capitalize on opportunities for green development and contribute to building an ecological civilization and environmentally friendly society.

Meanwhile, we consistently amplify support for social welfare projects such as municipal services, healthcare, culture and education, agriculture and food, and rural revitalization and assistance through responsible financing practices, to help improve social welfare.

### Investment Banking Business

Category	Equity financing	Bond financing
Green and low-carbon	Completed 14 green and low-carbon equity financing transactions on behalf of Contemporary Amperex Technology Co., Ltd. (CATL), JinkoSolar, Jiangsu Azure Corporation, and other customers, with a total scale of RMB 43,843 million; China Securities International completed financing for Zhejiang Leapmotor Technology Co., Ltd., securing up to HKD 6,279 million in green and low-carbon equity financing.	Led the underwriting of 78 green bonds with a total underwriting amount of RMB 41,484 million, raising an aggregate of RMB 171,431 million, including 24 carbon-neutral bonds with a total underwriting amount of RMB 6.6 billion and raising RMB 35,459 million in total. China Securities International completed the issuance of 8 green bonds and 4 sustainable bonds, raising an aggregate of approximately USD 5 billion.
Social welfare	Completed 13 equity financing transactions on behalf of Anjoy Foods Group Co. Ltd., Shandong Sanyuan Biotechnology Co., Ltd., and other customers, raising RMB 19,185 million in socially-oriented equity financing.	Led the underwriting of 8 rural revitalization and poverty alleviation bonds with a total underwriting amount of RMB 1,765 million, raising an aggregate of RMB 3,667 million.
Total	Led the underwriting of RMB 60,246 million in ESG-themed equity financing transactions (excluding China Securities International), accounting for 45.17% of total equity financing amount.	Led the underwriting of RMB 42,749 million in ESG bonds (including green bonds and rural revitalization and poverty alleviation bonds), accounting for 3.27% of total bond underwriting amount as lead underwriter and raising an aggregate of RMB 174,598 million.

Note: There is some overlap between green and low-carbon projects and social welfare projects.

### Fixed Income Business

Interest rate products	Underwrote 6 ESG bonds with a total issue size of RMB 15,738 million
Credit products	Underwrote 11 ESG bonds with a total issue size of RMB 11.8 billion
Syndicated sales	Sold 87 NAFMII (National Association of Financial Market Institutional Investors) ESG bonds via syndication totaling RMB 4,287 million



## Equity Financing – Customer Stories



### Green industries

#### Sponsoring CATL's private placement

CATL is a leading energy storage solution provider specializing in the research, development, production, and sales of power and energy storage batteries, firmly asserting its status as a market leader in power battery shipments for five consecutive years. CSC acted as the sole sponsor and lead underwriter for CATL's private placement in June 2022, which raised RMB 45 billion.

#### Facilitating the first private LNG terminal securitization project through asset injection

ENN Ecological Holdings Co., Ltd. acquired a 90% stake in ENN (Zhoushan) LNG Co., Ltd. through a combination of share issuance and cash payment, with a transaction value of RMB 8.55 billion. CSC acted as the independent financial advisor for the project.

### Social industries

#### Sponsoring the debut of an innovative small-molecule enterprise on SSE STAR Market

Shouyao Holdings (Beijing) Co., Ltd. (referred to as Shouyao Holdings) was officially listed on the SSE STAR Market in March 2022, making it the first innovative drug development enterprise to go public in 2022. With a focus on innovative small-molecule drugs, Shouyao Holdings has launched 22 R&D projects for innovative drugs targeting high-incidence cancers in China such as non-small cell lung cancer, liver cancer, and thyroid cancer. CSC acted as the sponsor in the IPO.

## Bond Financing – Customer Stories



### Green bonds

#### Leading the issuance of China's first sci-tech innovation and low-carbon transformation corporate bond

In May 2022, CSC led the issuance of the "2022 Technology Innovation and Low-Carbon Transformation Corporate Bond of Hualu Holding Co., Ltd. for Professional Investors (First Tranche)" via a book-building process, with a total issue size of RMB 500 million and a record-low coupon rate among domestic sci-tech innovation bonds.

The capital raised from the bond issuance was to be used to replenish the issuer's previous investment in Hualu-Hengsheng (Jingzhou) Co., Ltd. (referred to as Hualu Jingzhou). Hualu Jingzhou is currently undertaking two projects: the park gas power platform and the synthesis gas comprehensive utilization project, both of which simultaneously facilitate sci-tech innovation and low-carbon transformation.

#### Leading the issuance of low-carbon transformation-linked bonds

In August 2022, CSC led the issuance of the "2022 Renewable Corporate Bonds of China Gezhouba Group Company Limited (CGGC) for Professional Investors (First Tranche) (Low-Carbon Transformation-Linked)" with a total issue size of RMB 3 billion.

The bond offering is linked to low-carbon transformation: The preset target would be achieved if the comprehensive energy consumption per unit of cement clinker product of its subsidiary, a cement company, was reduced to 104.00 kg standard coal/tonne by 2024. Failure to achieve the target would result in a 10 basis-point increase in the coupon rate of the previous interest calculation year of the base term of bond varieties one and two.

## Responsible Investment

In the face of global challenges such as climate change, CSC remains fully committed to responsible investment. When engaging in business activities related to equity investment, debt investment, fundraising investment, etc., we actively incorporate ESG factors into our research, analysis, and investment decision-making processes. We constantly pursue and match investment opportunities that can have a positive impact on the environment and society and endeavor to drive greener and more inclusive economic growth.

As part of our commitment to continuously improving our responsible investment capabilities, we released the *Responsible Investment Declaration* in 2022, which covered three key areas of responsible investment: organizational structure, investment strategy and application, and investment research and communication.

### CSC's Practices of Responsible Investment Strategies in 2022

Responsible investment strategy	Practices in 2022
Sustainable investing	<ul style="list-style-type: none"> <li>In 2022, the Asset Management Department invested a total of RMB 2.9 billion in green project bonds, representing a year-on-year increase of 71%; the Fixed Income Department (proprietary business) invested RMB 8,157 million in green bonds, representing a year-on-year increase of 41.66%.</li> </ul>
Impact investing	<ul style="list-style-type: none"> <li>In 2022, the Asset Management Department handled RMB 1.6 billion in impact investment, representing a year-on-year increase of 33%; the Fixed Income Department (proprietary business) handled RMB 3,115 million in impact bond investment, representing a year-on-year increase of 135.27%.</li> <li>In 2022, China Securities Investment invested RMB 100 million in Fresh Life Style Supply Chain Management Co., Ltd, a cold chain logistics service provider, to support social and livelihood infrastructure construction.</li> </ul>
Shareholder activism	<ul style="list-style-type: none"> <li>China Securities Investment has appointed directors to ESG-oriented companies, such as Mingtian Hydrogen Energy Technology Co., Ltd. and Humeng Technology International Co., Ltd., to implement ESG-related requirements.</li> </ul>

### CSC's Practices of Responsible Investment in Asset Management Business in 2022

#### Fix-income investment

- We have built an ESG investable universe for bond investment by combining quantitative and qualitative analyses. In addition to credit rating eligibility, we also employ strategies such as industry matching, screening based on core business, and exclusion based on negative news. As of the end of 2022, our ESG investable universe included approximately 1,000 issuers, accounting for 16% of total bond issuers in the market. It also included over 9,000 outstanding bonds with a total value of more than RMB 8 trillion.

#### Stock investment

- We have built a large stock pool based on the constituent stocks of the 300 ESG and 500 ESG, alongside a small stock pool based on ESG rating rules and a select number of high-quality stocks. We regularly update the targets in the stock pools during specific times of the year, such as periods following the release of our interim and annual reports.
- We closely follow social and industry development trends and policy changes to adjust the industry allocation ratio; we monitor changes in companies' ESG ratings and fundamentals to adjust the stock allocation ratio.



#### Investing in sustainability-linked/rural revitalization bonds issued by Huaneng Hydropower

In 2022, CSC invested RMB 190 million via proprietary trading in the first tranche of the green medium-term notes (sustainability-linked and rural revitalization) issued by Huaneng Lancang River Hydropower Inc. (referred to as Huaneng Hydropower) with an issue size of RMB 2 billion. The capital raised would be used to repay the construction loans for a number of hydropower stations.

All of our fundraising investments have passed ecological and environmental protection verifications and are qualified as sustainable projects. They can save up to 299 thousand tonnes of standard coal per year and reduce sulfur dioxide (SO<sub>2</sub>) emissions by 1,569.2 thousand tonnes of sulfur dioxide (SO<sub>2</sub>) emissions annually tonnes, which contributes positively to the revitalization of some regions and key support counties in Yunnan Province.



#### Investing in the second tranche of Hesteel Group's green medium-term notes for 2022

In 2022, the Asset Management Department invested in the second tranche of the green medium-term notes issued by Hesteel Group Company Limited (Hesteel Group) for 2022. The total financing amount reached RMB 1 billion, with the capital raised being used for scrap steel procurement by Hesteel Group's subsidiaries. According to the offering circular, a professional organization estimated that the project would achieve a scrap steel recovery volume of 587,000 tonnes, leading to an expected reduction of 82,200 tonnes of carbon dioxide (CO<sub>2</sub>) emissions while saving 156,700 tonnes of standard coal and 821,800 tonnes of water.

Moreover, China Securities Investment has identified sustainable projects, such as those aligned with the "30-60 Target Framework", as its primary investment focus. In the past few years, the company has taken active steps to expand presence in various industries, including the photovoltaic industry chain, lithium battery industry chain, new energy vehicles and smart mobility industry chain, hydrogen energy industry chain, and energy conservation and environmental protection. Following the *China Securities Capital Green Investment Guidelines (for Trial Implementation)*, China Securities Capital has actively invested in industry chains related to carbon neutrality to contribute towards the national 30-60 Target.



#### China Securities Investment actively participating in or acting as a proxy for voting

Actively fulfilling its corporate governance responsibilities, China Securities Investment makes informed voting decisions at shareholders' (general) meetings and board meetings (when directors are appointed). It also proactively implements ESG-oriented voting guidance in accordance with the specific circumstances of each project.

As of the end of 2022, China Securities Investment had appointed directors to a number of ESG-oriented companies such as Mingtian Hydrogen Energy Technology Co., Ltd. and Humeng Technology International Co., Ltd. The directors actively engaged in the board discussions and exerted relevant ESG impacts.



### Asset Management Department actively engaging in responsible investment

Our Asset Management Department has established an ESG research group comprising Asset Management Department's investment managers, researchers, credit rating officer, product managers, and other professionals. In 2022, the research group conducted in-depth research on domestic and international ESG policies, with a particular focus on ESG assessment standards. It closely followed the development of ESG concepts and ideas in China, participated in ESG investor seminars, and analyzed the actions taken by the financial market to implement policies related to topics such as the 30-60 Target and green finance, taking active steps to further integrate ESG considerations into the Company's fixed-income and equity investment.

By using methods like sell-side analyst roadshows and internal researcher reports, the Asset Management Department provided investment managers with comprehensive ESG training to improve their knowledge of responsible investment and ESG. In 2022, the Company provided over 30 ESG training sessions, recording over 1,000 participations by investment managers and analysts.

In 2022, the Asset Management Department invested RMB9,204 million in ESG-themed equity projects, RMB113,415 million in bonds, and RMB231 million in ESG fund products. The Asset Management Department launched its first ESG-themed collective asset management plan, focusing on investing in bond and stock assets with good ESG performance and in line with the green and sustainable development concept. By the end of 2022, the Company has established and operated three ESG-themed fixed-income-plus products with a total scale of approximately RMB300 million.



## Carbon Finance

CSC adopts an integrated development strategy. As a firm believer in sustainability principles, we actively draw on international experience in carbon markets and remain deeply involved in the development of both domestic and international carbon markets.

In 2022, we completed our first carbon emission allowance transaction within the EU Emissions Trading System (EU ETS). We were also among the first traders to participate in the HKEX's new international carbon marketplace, Core Climate, on its first day of trading. These efforts demonstrate our commitment to accelerating the development of green finance and contribute towards the achievement of China's 30-60 Target. In February 2023, the Company received the *No-Objection Letter for CSC's Proprietary Participation in Carbon Emissions Trading* from the CSRC, allowing us to engage in such trading in approved domestic markets on a proprietary basis. The Company is committed to conducting businesses in a compliant and prudent manner, with a focus on serving the real economy, reducing the overall costs of emissions reduction across society, and supporting the transition to a greener and lower-carbon economy.



### Successfully completing the first carbon emission allowance transaction on EU ETS

In June 2022, China Securities International completed its first-ever carbon emission allowance transaction, with the EU ETS's carbon allowances as the underlying asset. The transaction had a nominal principal of approximately USD 160 million. The successful transaction marked a major milestone in the Company's carbon trading history and was a crucial step in our exploration and development of the carbon finance business. It was also a positive response to the call of the national 14th Five-Year Plan for accelerating green transformation.



### Participating in the HKEX's Core Climate on its first day of trading

In November 2022, China Securities International participated in the HKEX's new international carbon marketplace, Core Climate, as one of the first traders. The underlying asset was the carbon credit products of relevant projects launched by the Verified Carbon Standard (VCS) under Verra, the world's largest certifier of voluntary carbon offsets.

The company's participation in Core Climate on its first day of trading as one of the first traders was a significant step in CSC's ongoing efforts to develop and expand presence in the international voluntary emissions reduction market. The successful transaction was a crucial move by the Company in response to the national call for accelerating green transformation.

## 01

## Strengthening Corporate Governance and Consolidating the Foundation of Business Development

Corporate governance is at the core of modern corporate systems, and sound corporate governance is a prerequisite and foundation for a company's long-term, stable development. As a state-owned financial enterprise, CSC firmly upholds the leadership of the Communist Party of China in corporate governance and anchors the Company's high-quality development in high-quality party building. The Company endorses the lawful exercise of power based on the system of "three meetings and one layer" and is committed to balanced deployment, integrated operations, and refined management. We continuously fortify the foundation of development by ensuring operational compliance, enhancing risk management, and upholding business ethics.

Optimizing  
Corporate  
Governance

Ensuring  
Operational  
Compliance

Enhancing  
Risk  
Management

Upholding  
Business  
Ethics

## 2022 Performance Highlights

- As of the end of 2022, our Board comprised of 14 directors, including 5 independent non-executive directors, accounting for over 1/3 of the Board. There were four female non-executive directors.
- Received the highest rating of A in the SSE “2021-2022 Annual Information Disclosure Evaluation of Listed Companies”.
- CSC was awarded “2022 Board of Directors Best Practice Award of Listed Companies” and “2022 Supervisory Board Outstanding Achievement Award of Listed Companies” by the CAPCO.



## Optimizing Corporate Governance

### Improve Governance Capabilities

As a company publicly listed in both the mainland of China and the Hong Kong Special Administrative Region of the PRC, CSC adheres to all the applicable laws, regulations, and regulatory requirements of the places where we get listed. We have established a corporate governance framework comprising Shareholders' Meeting, the Board of Directors, the Supervisory Board, and the Executive Committee. We have also implemented a set of corporate governance systems and regulations, including the *Articles of Association*, which we continuously optimize in line with our business operations. Together, they form the foundation for a complete corporate governance system, with clearly defined roles and responsibilities and standard operating procedures among the highest authority, the decision-making body, the supervisory body, and the management team. This ensures smooth deliberation, decision-making, execution, and oversight.

In 2022, by following the requirements of our corporate governance system, we ensured that the convening, holding, and voting procedures of the general meetings, board meetings, and supervisory board meetings were legal and compliant and that the resolutions made were legal and effective. In addition, we revised a set of governance policies, including the *Articles of Association* and the *Rules of Procedure for General Meetings*, in accordance with the latest regulations issued by relevant institutions such as the CSRC, the Securities Association of China (SAC), and the SSE, while also taking into account our actual business operations. These revisions provided further clarity on the management requirements for cultural development, social responsibility, director qualifications, independent director responsibilities, major related-party transactions, and other areas.



### An Overview of CSC's "Three Meetings" in 2022

#### Shareholders' Meeting

- The Shareholders' Meeting is the Company' highest authority, and we convene and hold the general meetings in strict accordance with relevant regulations such as the *Articles of Association* and the *Rules of Procedure for General Meetings*. We ensure that all the shareholders, especially small and medium-sized shareholders, are treated equally and can fully exercise their legal rights.
- **In 2022, the Company held three general meetings and approved 14 resolutions.**

## Board meetings

- The Company's Board of Directors is responsible for the Shareholders' Meeting. We have also established a Development Strategy Committee, a Risk Management Committee, an Audit Committee, and a Remuneration and Nomination Committee under the Board, each with its own rules of procedure. Each committee performs its duties to the best of its abilities and works together to promote the efficient, scientific, and compliant operations of the Company.
- **Effectiveness:** The Company's directors are elected and replaced by Shareholders' Meeting and can be removed from office by the Shareholders' Meeting before their term expires. Each director serves a term of three years and can be re-elected for consecutive terms upon the expiry of their term. When evaluating candidates for independent directors, the Company strictly reviews their employment status in other institutions to ensure that the nominated independent directors do not serve in more than five (including the Company) listed companies.
- **In 2022, the Company held 9 board meetings, deliberating or hearing 57 proposals and reports in total, and held 17 meetings of specialized committees. The attendance rate of directors was 100%.**
- **Professionalism:** The Company's directors all possess the managerial experience and operational capabilities necessary to fulfill their duties. They meet the securities regulators' requirements for years of experience in securities, funds, finance, law, accounting, IT, risk management, and other related fields. They have diverse professional backgrounds and work experiences that complement each other, conducting to scientific decision-making by the Board.
- **Independence:** The Company has clearly specified the qualifications and obligations of independent directors in the *Articles of Association* and ensures that they can independently and impartially safeguard the legitimate rights and interests of the Company and its shareholders. When the Company considers related party transactions, related directors and shareholders abstain from voting, while independent directors express independent opinions. **In 2022, the related-party transactions conducted by the Company were fair and reasonable, and there were no instances found to have damaged the interests of the Company or its shareholders.**
- **Diversity:** The Company adopts a Board diversity policy and ensures that the nomination of Board candidates takes diversity into account, including but not limited to gender, age, educational background, and professional experience. All appointments are made based on merit, with objective conditions taken into account to ensure diversity. **As of the end of 2022, the Board of Directors comprised 14 directors, including 5 independent non-executive directors, accounting for more than one-third of the total. Additionally, there were four female non-executive directors, accounting for 33% of total non-executive directors.**

## Supervisory board meetings

- The Company's Supervisory Board comprises five supervisors, including two employee supervisors and two female supervisors. The Supervisory Board is accountable to the Shareholders' Meeting and effectively supervises the legality and compliance of the Company's finances, as well as the performance of the Board and the management. The Company continues to improve the employee supervisor mechanism to ensure methodical participation of employee representatives in the Company's governance.
- **In 2022, the Company held 7 supervisory board meetings, deliberating or hearing 28 proposals and reports in total.**

In 2022, the Company's senior management fully implemented the Board's resolutions and requirements, continuously enhancing the synergies among various businesses and strengthening the business layout. They made improvement and enhancement recommendations for issues that materially affected the Company's development to help keep the Company growing steadily. Additionally, we have incorporated a deferral and clawback mechanism into the executive compensation management system, with a deferral period of no less than 3 years and a clawback provision. This mechanism more tightly links salary and compensation to the Company's operating performance. If an executive resigns, is involved in compliance or risk events, or violates professional ethics or regulations during the deferral period, the Company reserves the right to revoke their incentive bonuses.

For more detailed information on other corporate governance-related matters, please refer to the "Corporate Governance" section of the *CSC 2022 Annual Report*.

## Strengthening Information Disclosure

The Company has formulated and continues to improve its information disclosure management system in accordance with a set of rules, regulations, and guidelines, including the *Code of Corporate Governance of Listed Companies*, the *Code of Corporate Governance for Securities Companies*, the *Measures for Administration of Information Disclosure of Listed Companies*, the *Hong Kong Securities and Futures Ordinance*, and the *Guidelines on Disclosure of Insider Information*, as well as the *Articles of Association*. The system regulates all the matters related to information disclosure, ensuring that information is disclosed in a timely and impartial manner and guaranteeing the truthfulness, accuracy, and completeness of the disclosed information.

In 2022, the Company revised the *Information Disclosure Management Measures*, the *Registration Management System for People in Possession of Insider Information*, and the *Information Disclosure Suspension and Exemption Management Regulation*, providing further clarity on the division of responsibilities and the procedures for handling and disclosing insider information and other information that should be disclosed. The Company strictly fulfilled its information disclosure obligations throughout the year, releasing the annual report, semi-annual reports, quarterly reports and close to 200 interim announcements to both A-share and H-share markets. No false records, misleading statements, or significant omissions were found in the disclosed information, ensuring that investors could obtain the information in an equal, timely, and effective manner.

- In 2022, CSC received **the highest rating of A** in the SSE “2021-2022 Annual Information Disclosure Evaluation of Listed Companies”.



## Investor Relations Management

CSC places a high premium on protecting the rights and interests of shareholders and investors and highly values the opinions, proposals, and concerns of shareholders. The Company does its utmost to provide comprehensive and effective investor relations services to enhance companies' governance capabilities.

CSC adheres to relevant requirements of the *Securities Law* and the SSE, actively fulfilling its responsibilities as a listed company. The Company has formulated a set of policies for investor relations service management and assembled an investor relations service team led by the Board secretary. In addition, we have established an investor relations service hotline and dedicated email, as well as an investor relations section on the Company's website (<http://www.csc108.com/>), to ensure real, effective, and timely communication of company information with investors.

In 2022, the Company released a revised and optimized version of the *Investor Relations Management Measures*, effectively facilitating our communication and information exchange with investors. We continuously worked to enhance investors' knowledge of and trust in the Company and fully protect their legitimate rights and interests, especially those of small and medium-sized investors.

### An Overview of CSC's Investor Relations Management Work in 2022

- CSC regularly updated investors on key business developments and addressed market concerns by holding shareholder meetings, performance briefings, and other related activities.
- CSC engaged and communicated with investors regarding their concerns through various channels, including institutional investor visits and analyst research, investor hotline and email, and the “SSE Info” platform, providing easier and more efficient avenues for them to know the Company better.
- CSC cares deeply about delivering attractive investment returns to shareholders and investors and adopts a stable profit distribution policy. In 2022, the Company distributed a dividend of RMB **3.95** per **10** shares (including tax) for the 2021 fiscal year, totaling RMB **3,064** million (including tax).

## Ensuring Operational Compliance

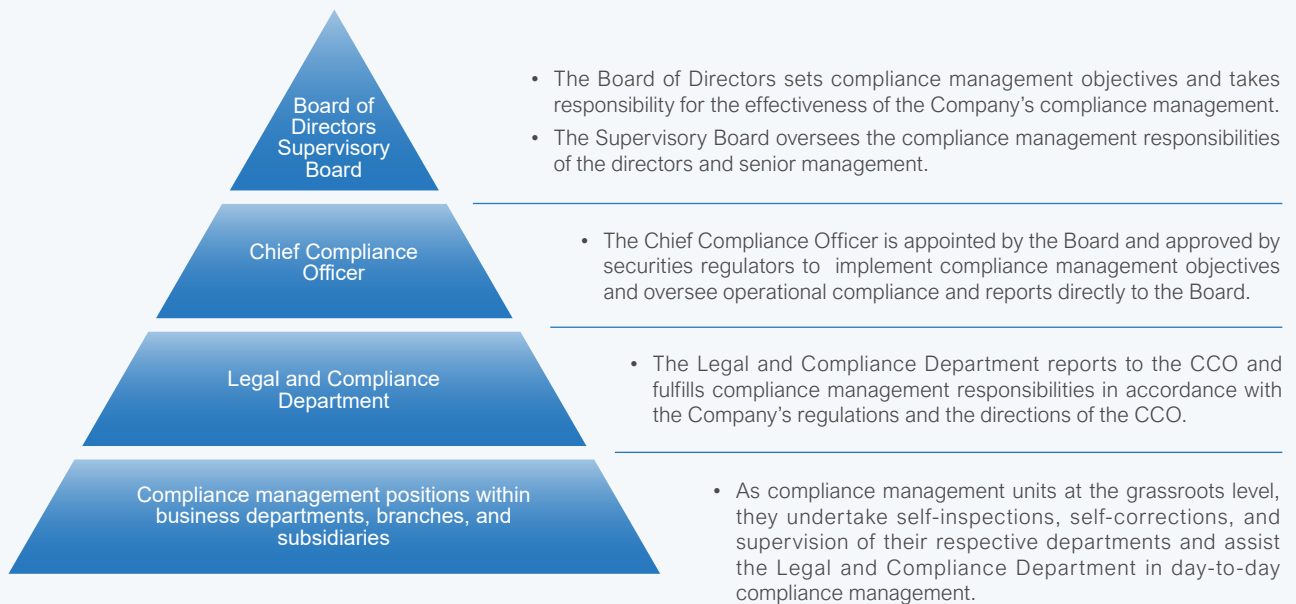
### Implementing Compliance Management

Committed to the industry tenets of “compliance, integrity, professionalism, and stability”, CSC continues to foster a compliance culture in line with the idea that “compliance is practiced by all employees, compliance creates value, and compliance is the foundation of the Company’s survival”. The Company continuously builds and improves its compliance and compliance management systems in accordance with relevant laws, administrative regulations, and securities regulations. We effectively coordinate and strengthen on-going compliance management efforts to consistently enhance our capabilities of legal and compliant operations.

The Company has a set of internal policies in place, including the *Anti-Fraud Management Regulations* and the *Compliance Management Measures*. We updated and improved a number of them in 2022, such as the *Compliance Manual* and the *Individual Investment Behavior Management Measures*, to continuously drive optimal systems and regulations. We have established a sound compliance management framework with the Chief Compliance Officer (CCO) as its core. It is independent of the Company’s business management system and has the right to independently issue compliance reports.

In 2022, the Company further strengthened the internal control system in light of relevant regulatory requirements. We took firm actions to prevent significant compliance risks and continuously enhanced our compliance management mechanisms to drive stronger business compliance and digitalized compliance management and contribute towards the Company’s high-quality growth.

#### CSC's Compliance Management System



## CSC's Compliance Management and Compliance Culture Building Initiatives in 2022



## Improving systems and regulations

- Developed the 2022 System Management Plan, developing/revising 76 compliance management policies in accordance with external regulations and internal management needs to fully implement regulatory requirements and enhance the compliance management system;
- Strengthened the policy review process and developed/revised over 470 internal policies and procedures.



## Digitalizing compliance management

- Established a unified Company-level customer management system;
- Built an external regulatory database, with all the system functions launched for trial operation at the end of September 2022;
- Expanded the functionality of the comprehensive compliance management platform, including the launch of important features, such as compliance cloud storage and a customer relationship knowledge graph, to enhance support for and evaluation of the compliance management efforts.



## Strengthening compliance education and training

- Arranged for all employees to sign the Employee Compliance Pledge;
- Released the Company's Compliance Culture Implementation Plan for 2022, coordinated the preparation of the Branch Employee Compliance Handbook, and hosted compliance culture building activities, such as essay competitions, collection of compliance slogans, educational campaigns on the National Security Education Day, and activities for the Anti-Monopoly Awareness Month, to foster full employee participation;
- Continuously strengthened compliance training and testing, with a total of 166 compliance training sessions and 187 training courses completed by over 122,500 participants in 2022;
- Flexibly used compliance reminders and consultations, publishing 61 compliance reminders, 21 articles on the Company's WeChat Official Account, and 12 compliance information newsletters throughout 2022.



## Advancing compliance and quality assurance team building

- Attracted and retained compliance and quality assurance talent and guaranteed compliance personnel at all levels could adequately exercise their management functions;
- Improved the management skills of compliance personnel and promoted process management to enhance oversight of the compliance personnel's performance of duties.



## Strengthening compliance inspections and non-compliance sanctions

- Conducted compliance inspections of branches and subsidiaries and special inspections, using inspections to drive improvement, and worked with regulators to carry out compliance inspections and self-inspections;
- Strengthened compliance accountability and continued to promote "full chain" accountability; combined punishment with education to enhance monitoring and accountability of employee misconduct, achieve more effective management of conflicts of interest and information isolation, and cultivate an increased compliance awareness across the Company.

## Preventing Financial Crimes

CSC takes a rigorous approach to fulfilling its anti-money laundering responsibilities as a financial institution. The Company continues to improve its internal control system for anti-money laundering and strengthen the organizational structure in compliance with relevant laws and regulatory requirements, such as the *Anti-Money Laundering Law of the People's Republic of China*, the *Measures for the Supervision and Administration of Anti-Money Laundering and Counter-Terrorism Financing of Financial Institutions*, and the *Measures for Administration of Client Due Diligence and Maintenance of Clients' Identity Information and Transaction Records by Financial Institutions*, consistently integrating anti-money laundering efforts into actual business practices.

CSC has established 19 effective internal control policies for anti-money laundering, including the *Internal Control Measures for Anti-Money Laundering and Counter-Terrorism Financing*. Continuing our risk-based approach to anti-money laundering, we newly formulated the *Operational Guidelines for Customer Due Diligence* in 2022 and revised five existing policies to align with the latest rules, regulations, and regulatory requirements, such as the *Guidelines for Classification and Management of Customer Money Laundering and Terrorism Financing Risks* and the *Management Rules for Anti-Money Laundering Information Security Protection and Sharing*.

CSC has established an Anti-Money Laundering Management Committee to represent senior management in executing board resolutions and take responsibility for making specific decisions, taking responsibility for implementing the Company's anti-money laundering efforts. In 2022, the committee held three plenary meetings and four topic-specific meetings. The Company's Legal and Compliance Department, along with the anti-money laundering department and various branches, has appointed dedicated anti-money laundering personnel to ensure comprehensive implementation and execution of anti-money laundering measures.

The Company continuously drives its anti-money laundering efforts forward through customer identification and due diligence, reporting and management of large and suspicious transactions, and anti-money laundering training and awareness-raising initiatives. In 2022, the Company conducted 23 business training sessions on anti-money laundering, with over 3,000 participants recorded.

In addition, the Company investigates and screens wealth management product suppliers, with a particular emphasis on assessing their internal financial crime compliance mechanisms. We prioritize suppliers that comply with financial regulations and maintain a good reputation.



### Organizing anti-money laundering awareness campaigns for "6.16" and "9.19"

In 2022, we organized a series of campaigns for the "6.16" and "9.19" anti-money laundering awareness days at various branches. We conducted 1,439 awareness-raising activities in total, distributing close to 50,000 leaflets and putting up over 500 posters.

We also released publicity materials in the form of videos, comics, posters, etc. and shared articles, videos, and reminders via WeChat Moments, QQ groups, and text messages, among other channels, reaching close to 600,000 people.

## Intellectual Property Protection

CSC has drawn up a set of policies, including the *CSC Intellectual Property Management Measures*, in accordance with relevant rules and regulations such as the *Patent Law* and the *Copyright Law of the People's Republic of China*. These measures aim to further standardize and strengthen our intellectual property management, drive innovation, and protect the intellectual property and business information of the Company, our customers, and third parties.

In 2022, the Company holds 4 fintech-related patents, 97 software copyrights and 67 trademark registrations.

The Company continuously reinforces employees' awareness of intellectual property protection through compliance reminders and training so as to avoid infringements. We also have policies in place to hold employees accountable and impose penalties in line with the *Compliance Accountability Regulations* and the *Employee Reward and Punishment Rules* for infringing on the Company's or others' intellectual property rights during business operations.

### CSC's Intellectual Property Protection Measures in 2022



## Responsible Marketing

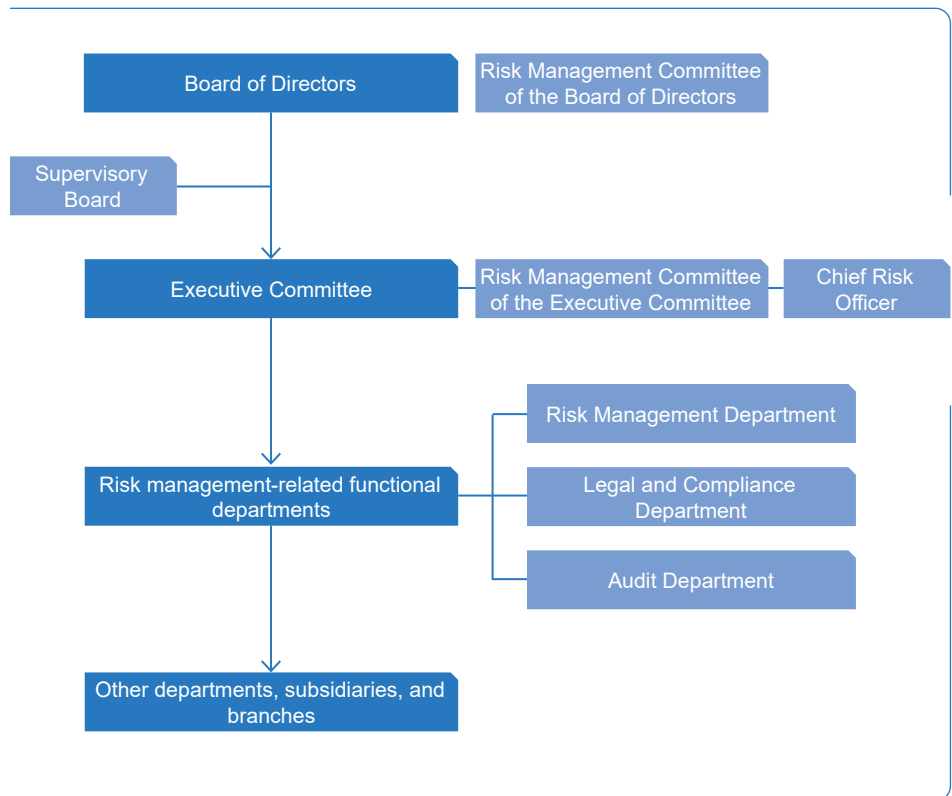
In line with the requirements of relevant laws and regulations such as the *Advertising Law of the People's Republic of China*, the *Notice on Further Regulating Financial Marketing and Advertising Activities*, the *Supervision and Management Measures for Sales Institutions of Publicly Offered Securities Investment Funds*, and the *Provisional Regulations on the Management of Marketing Materials for Publicly Offered Securities Investment Funds*, the Company has established a comprehensive risk management policy system centered on the *Marketing Expense Management Regulations* and the *Management Rules for Marketing and Advertising of Financial Product Agency Sales*. These measures aim to standardize the marketing of financial products and strictly regulate the marketing materials and activities, thus ensuring that customers receive truthful and complete product information.

All of our financial product marketing and sales activities in 2022 were conducted in compliance with relevant requirements. We recorded zero violations related to product and service information and labeling, as well as zero violations of marketing and advertising regulations.

## Enhancing Risk Management

With "health" being a fundamental element of our development approach, we adopt a business philosophy of "risk control first and risk control by all". In keeping with the requirements of relevant laws and regulations such as the *Comprehensive Risk Management Regulations for Securities Companies*, the Company has established a comprehensive risk management system centered on the *Comprehensive Risk Management Measures*. The system covers internal controls, risk monitoring, risk identification and evaluation, risk information, and risk reporting, among other areas, and institutes clearly defined roles and responsibilities, effective checks and balances, and coordinated functionalities. We also continuously improve the system in step with our growth needs, changes in the market, and relevant regulations to continuously improve our risk management capabilities at the Group level.

### CSC Risk Management Organizational Structure



The Company continuously optimized the regulations, processes, and standards of risk management in 2022 through actions in multiple dimensions. We launched a consolidated supervision pilot project to improve the risk control mechanisms of subsidiaries under an integrated management model and enhance their risk management capabilities and efficiency. We also optimized the risk warning mechanisms by establishing a preliminary risk warning system, improved our business continuity plans and emergency response mechanisms for various scenarios, and steadily advanced efforts in risk data governance and risk management system construction to solidify our risk management infrastructure. These efforts further enhanced our risk identification and control capabilities.



#### Driving integrated risk management at subsidiaries

As a consolidated supervision pilot securities company, CSC continues to strengthen the vertical control of subsidiaries both inside and outside of the mainland of China and the integrated management of the Group in accordance with relevant regulations. The Company is committed to driving continued progress in customer credit management, risk warning, and risk control for new businesses and products, among other areas. In 2022, building on our *Plan for Integrated Management of Risk Control, Compliance, and IT for Subsidiaries Inside the Mainland of China*, we drew on the integrated management framework and further refined and promoted the implementation of specific measures for “five areas of alignment” in Subsidiary Risk Management. This further enhanced the risk management capabilities and efficiency of our subsidiaries and optimized the risk management organizational structure of subsidiaries outside of the mainland of China, thus bolstering the liquidity risk management system.

In 2022, our subsidiaries continued to make steady progress in business development, management operations, remote work, and various risk management processes, ensuring consistently reliable system and personnel support. We recorded no significant risks or losses throughout the year.

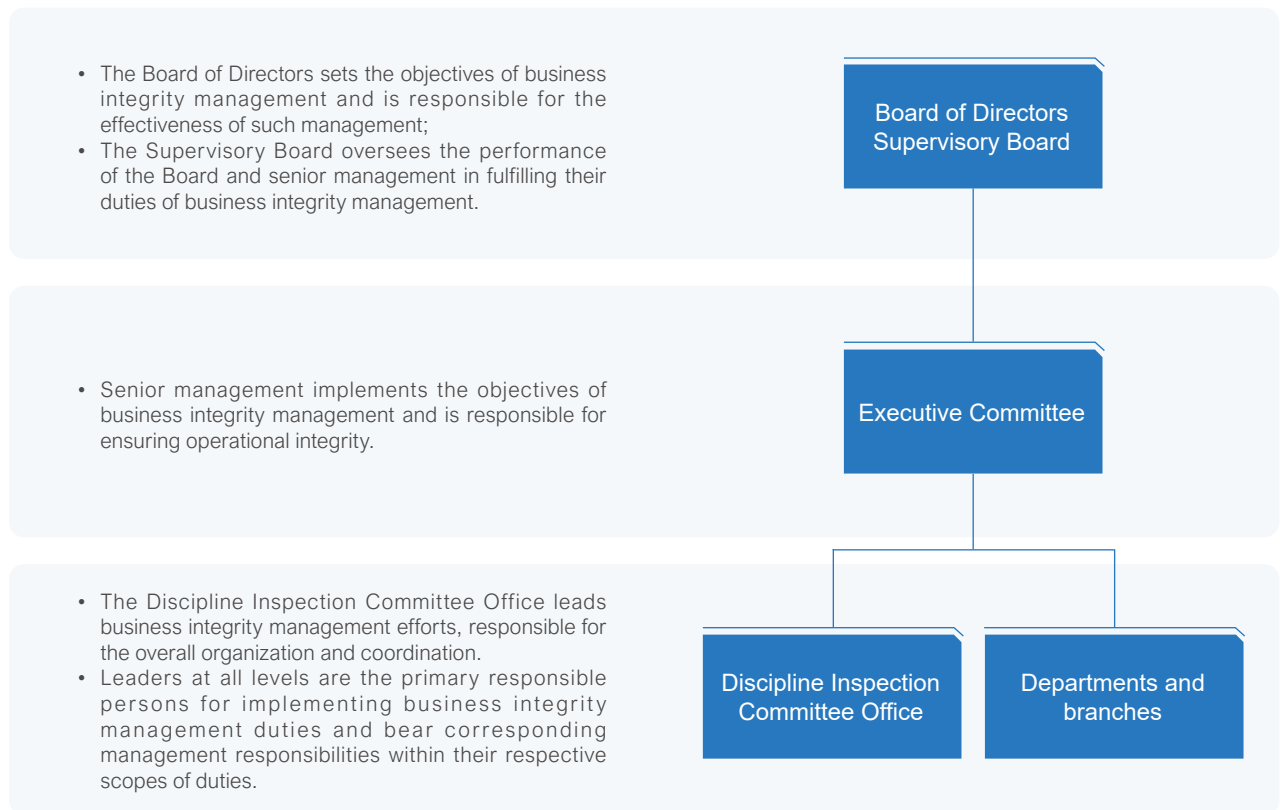
- The Company has been included as **one of the six securities companies** in the CSRC's Consolidated Supervision Pilot Program since 2020.
- The Company first participated in S&P's sustainability assessment in 2021 and received a BBB+/Stable credit rating. It is the first securities company in China to receive and publicly disclose the highest credit ratings from all of the world's three major authoritative rating agencies (S&P, Moody's, and Fitch Ratings): BBB+ from S&P, Baa1 from Moody's, and BBB+ from Fitch Ratings, all with a stable outlook.



## Upholding Business Ethics

In compliance with the requirements of relevant laws and regulations such as the *Opinions on Strengthening the Supervision of Business Integrity by Intermediary Institutions under the Registration System (May 2022)*, the *Provisions on the Business Integrity of Securities and Futures Operating Institutions and Their Staff (Revised in August 2022)*, and the *Implementation Rules for the Business Integrity of Securities Operating Institutions and Their Staff*, the Company has formulated a set of internal policies, including the *Business Integrity Management Measures*, further institutionalizing business integrity and streamlining the division of responsibilities.

### CSC Business Integrity Organizational Structure



In 2022, the Company continuously reviewed and optimized the risk points and control mechanisms for business integrity management at the departments and subsidiaries to further institutionalize relevant efforts. We continued to strengthen employee awareness and foster a business integrity culture through Company-wide training programs. In 2022, the Company recorded zero major cases of corruption or bribery.

## CSC's Key Business Integrity Management Initiatives in 2022

### Improving business integrity management mechanisms



- Pushed departments and subsidiaries to continuously identify business integrity-related risks and improve internal control mechanisms for integrity risks to realize effective risk identification and management and required them to report any detected violations and the relevant corrective measures taken;
- Implemented the Opinions on Strengthening the Supervision of Business Integrity by Intermediary Institutions under the Registration System and delegated specific work responsibilities to 11 departments;
- Monitored the key risk points and eliminated potential business integrity management risks, contributing to the registration system reform.

### Conducting education on integrity and discipline



- Arranged for employees to watch cautionary films about typical cases of misconduct and legal violations and held cautionary education conferences to ensure the staff's cautionary education.
- Provided all-hands (including brokers) business integrity training;
- Cumulatively published over 100 educational articles via the WeChat for Business platform "Discipline Inspection Garden" and issued integrity reminders to all employees during important holidays;
- Advanced integrity and compliance management efforts outside of the mainland of China, provided targeted training for relevant department personnel, and pushed departments to implement relevant requirements according to their job duties.

### Providing business integrity training

In 2022, the Company has provided seven business integrity training sessions for over 600 participants, including new employees, Party workers, and branch managers. The training highlighted the integrity risk points in the various business lines and reinforced the participants' compliance awareness.



Business integrity training for new employees

From August 12 to September 30, 2022, the Discipline Inspection Committee Office led the all-hands (including brokers) online training on business integrity for 2022, with a total of 13,052 participants recorded. The training included two courses: *Restraining the Exercise of Power and Improving Integrity Management in State-Owned Enterprises* (Parts 1 and 2) and *Strengthening the Construction of an Integrity Culture in the New Era* (Parts 1, 2, and 3), with a total duration of 190 minutes. The training aimed to push all employees to strictly comply with relevant rules and regulations on the business integrity in order to prevent misconduct and violations.



All-hands business integrity training

Our Audit Department undertakes internal audits on business integrity in accordance with relevant requirements of the SAC's *Implementation Rules for the Business Integrity of Securities Operating Institutions and Their Staff* and internal policies such as the *Business Integrity Management Measures* and the *Internal Audit Work Measures*. The department also carries out risk-oriented audits of all the departments, branches, wholly-owned or holding subsidiaries of the Company pursuant to national laws and regulations and company policies.

### Scope of Internal Auditing at CSC

<b>Audit subject</b>	Financial management, procurement management and all businesses throughout departments, branches and subsidiaries
<b>Audit approaches</b>	Regular audits, economic responsibility audits and special audits
<b>Audit frequency</b>	<ul style="list-style-type: none"> <li>• Relevant business departments and wholly-owned or holding subsidiaries of the Company: at least once every two years;</li> <li>• All management departments: regularly;</li> <li>• Branches: at least once every three years.</li> </ul>
<b>Audited content</b>	<ul style="list-style-type: none"> <li>• The soundness and effectiveness of systems related to employee conduct, conflicts of interest, and procurement management.</li> <li>• Routine audits of the business operations, financial management, procurement management, internal controls, risk management, operating environment, and operational efficiency and effectiveness of all departments, branches, wholly-owned or holding subsidiaries of the Company, plus audits of the rationality of funds and the compliance of processes in business activities and daily operations.</li> </ul>
<b>An overview of 2022 auditing work</b>	<ul style="list-style-type: none"> <li>• The Audit Department conducted a total of 195 audits, including assessments of the effectiveness of compliance management and the quality of corporate culture construction, special audits of the Company's headquarters procurement management and information technology management, and special audits of the compliance of financial product agency-sales.</li> </ul>

CSC has released the [Supplier Anti-Corruption Management Statement](#), continuing to strengthen anti-corruption management in the supply chain. This involves steps such as improving the systems and mechanisms, promoting fair procurement, and implementing a procurement complaints handling mechanism.

### CSC's Supplier Anti-corruption Management in 2022



We have also established a detailed and comprehensive whistleblowing management mechanism based on the *Petition and Reporting Work Implementation Regulations of Disciplinary Inspection and Supervision* and the *Administrative Measures for Reporting Violations*. It encompasses numerous areas, such as reporting channels, report receipt and handling process, and whistleblower protection, and ensures the confidentiality of the reporting process to prevent retaliation against the whistleblowers.

### CSC's Whistleblowing Management Mechanism



#### Reporting channels

- Our reporting channels include a reporting email, a reporting hotline, and a non-compliance reporting mailbox; whistleblowers may report an event through telephone, written correspondence, or in-person meetings.



#### Whistleblower protection

- We require the personnel responsible for handling reports to fulfill their duties with integrity. In cases where they have a personal interest in the reported matter, they must voluntarily recuse themselves. It is strictly prohibited to reveal any personal information of the whistleblower, including their name, workplace, address, etc.;
- No department, institution, or individual is allowed to retaliate or take any action against the whistleblower under any circumstances. Those who violate this rule should face enhanced punishment in accordance with relevant regulations.



## 02 *Putting Customers First and Delivering Top-Notch Financial Services*

The overall customer service capabilities are the core competitiveness of financial companies, and the quality of customer service has become the bedrock for their survival, profitability, and growth.

Adopting a customer-centric approach, we prioritize the delivery of exceptional customer service as the cornerstone of our business operations. We safeguard customer rights while continuing to optimize our customer service system, invest in building digital platforms, and accelerate the widespread adoption of fintech. These efforts amplify our ability to enhance customers' overall experience and satisfaction.

Safeguarding  
Customer  
Rights

Optimizing  
Customer  
Service

Investing in  
Fintech



## 2022 Performance Highlights

- Held 7,360 charitable investor education events, reaching over 52.12 million participants;
- Cumulatively released 3,465 online investor education works through various social media accounts, garnering a total readership of over 260 million;
- Invested RMB 76,868.8 thousand in fintech.
- Our customer service and complaint hotline received 320,000 customer inquiry calls, with the volume of customer inquiries going up for the third consecutive year and the service satisfaction rate reaching 98.42%.



## Safeguarding Customer Rights

### Implementing Data Security and Privacy Protection

In compliance with relevant laws and regulations such as the *Cybersecurity Law*, the *Data Security Law*, and the *Personal Information Protection Law of the People's Republic of China*, the Company has formulated a series of internal policies and management rules that govern all information systems, such as the *Personal Information Protection Management Regulations* and the *Data Control and Management Regulations*. Those measures help us continuously improve the information security management system. We have also obtained the ISO 27001 International Information Security Management System certification, maintaining our leading position in the industry in information security management.

Ensuring the security of customer information is a critical component of customer rights protection. CSC's Board of Directors assumes responsibility for customer data security and privacy protection, and the Supervisory Board supervises relevant work. The Board of Directors authorizes the Executive Committee to coordinate relevant efforts and establish management objectives, while the Investor Rights Protection Committee established under the Executive Committee brings customer information security management into practice.

#### CSC's Data Security Management Measures in 2022

##### Proactive prevention

- Proactively managed information security risks and established security baselines for application systems, specifying security requirements for critical stages such as data storage, display, usage, and transmission.
- Prevented data leakage and damage by implementing data security safeguards such as regional isolation, access control, user authentication, and log auditing.

##### Emergency response

- Strengthened reactive response to data leakage and developed emergency response plans and data leakage response plans for all information systems;
- Required at least one Company-wide information security emergency drill to be organized every six months and emergency drills covering all critical information systems to be completed within two years;
- Any incident of information leakage would be immediately reported to the Company's information system emergency response leadership team to prompt immediate emergency response procedures. Technical means would be employed to investigate and trace the source, and the various business departments would handle businesses in accordance with their respective emergency response plans.

#### Organizing practical cybersecurity attack and defense drills to enhance overall security protection

In April 2022, CSC and the First Research Institute (FRI) of the Ministry of Public Security conducted a 10-day joint attack and defense drill. The FRI organized five attack teams to launch unrestricted attacks on the Company, while the Company assembled a defense team of over 50 and carried out centralized security monitoring and emergency response by setting up a defense command center. Through the simulated attack and defense, the Company discovered and addressed multiple security hazards and 0-day vulnerabilities in the system. The drill strengthened the Company's overall security protection and the team's emergency response capabilities, fostering a stronger security awareness among all employees.



Network security attack and defense drill

In respect of customer privacy protection, the Company adheres to the principle of minimum data collection and retention while providing customers with sufficient access to personal data and information. We also safeguard customer privacy through privacy-enhancing technologies, personal information access control management, and other methods.

### CSC's Customer Privacy Protection Measures in 2022

#### Guaranteeing customers' right to use their personal information



- We improved the authorization terms in legal documents such as agreements for handling investor information and provided privacy policy prompts in client terminal applications such as the Qingting Dianjin app. We thus explicitly inform customers of the rules governing the use of personal information in the apps and safeguarding their right to know the use of their personal information;
- Customers have the right to access, correct, and delete their personal data. We have a sound investor information rights response mechanism and continuously improved the business processes for investors to correct and copy personal information and cancel their accounts, thus safeguarding investor rights in those regards.

#### Personal information access control management



- We implemented access control policies with minimum permissions, restricting authorized individuals to only minimum access to the necessary personal information to perform their duties, with the minimum data operation permissions to complete their tasks;
- We set up internal approval processes for important operations such as copying and downloading personal information;
- We enabled permissions for operations such as accessing and modifying sensitive personal information to be triggered based on role-based access control and business process requirements.

#### Applying privacy-enhancing technologies



- We employed technologies and management approaches such as anonymization, encryption, access control, and identity authentication for personal information storage to prevent unauthorized or illegal processing, accidental loss or destruction of personal information, etc.
- We employed measures such as de-identification to reduce the risk of personal information leakage during the display of personal information on user interfaces, such as on screens or paper.

In addition, the Company regularly has conducted internal and external audits of information technology management work as well as information security - related trainings. It has repeatedly revised the users' personal information privacy protection policies of the channels such as official website, Qingting Dianjin app and the Tongdaxin app etc., and organized relevant trainings to continuously strengthen employee awareness. In particular, the internal audits cover information technology governance, information technology security management, and other areas. We ensure that they are performed at least once a year and cover all information technology management matters within three years. Every three years, we engage an external professional organization to conduct a comprehensive audit of our data security.

- In 2022, CSC performed internal audits of information technology and data security for multiple business management teams.
- In 2022, CSC issued **12** monthly security awareness training newsletters to all employees (including subsidiary employees), organized quarterly phishing email drills, and conducted Company-wide online security awareness training and testing. Additionally, we provided professional security training specifically for network, development, and operations and maintenance personnel.

## Improving Suitability Management

Following relevant laws and regulations such as the *Implementation Guidelines for the Investor Suitability Management of Securities Institution (for Trial Implementation)* and the *Implementation Guidelines for the Investor Suitability Management of Fundraising Institutions (for Trial Implementation)*, the Company has developed a package of suitability management systems and implementation rules at both the Company level and specific business levels, such as the *Investor Suitability Management Measures*. We do so to guarantee the compliant and methodical execution of our investor suitability management efforts.

### An Overview of CSC's Suitability Management Work in 2022



Modified and optimized the suitability access management standards for on-exchange businesses, enhancing the asset access standards for 20 on-exchange businesses on STAR Market, GEM, Hong Kong Stock Connect, and others to further refine investor suitability management.



Tightened the standards for determining whether customers had the knowledge reserves necessary for participating in particular business activities by reviewing and improving the knowledge assessment process in some business workflows, which was achieved through the use of randomized assessment questions and answer distributions, among other methods; revised and upgraded the investor risk tolerance assessment questionnaire, adding the risk assessment exclusion function to improve the quality and efficiency of the "Know Your Customer" (KYC) process, thus facilitating the collection of more truthful and comprehensive customer information and thus a more accurate evaluation of customer risk tolerance.



Reviewed the suitability management process of some businesses to realize a more systematic and automated continuous suitability management mechanism integrating multiple business scenarios, systems, and channels, and this mechanism ensured that investor suitability-related information prompts reached the appropriate process, thus enabling us to continuously improve investor risk disclosure.



Recorded suitability training courses and uploaded them to the E-learning system to strengthen internal training on suitability management, with a focus on compliance requirements related to the KYC process.

## Conducting Comprehensive Investor Education

With a commitment to serving investor demands, CSC actively implements regulations related to investor education. The Company consistently invests in hosting investor education activities at its physical investor education base, Jingxin Academy, and developing entertaining educational products. The Company aims to continuously promote the inclusion of investor education in the national education system and improve the quality and efficiency of investor education services to help investors develop a more rational approach to investment and become better-informed participants in the capital market.

### CSC's Investor Education Practices in 2022

#### Undertaking investor education and awareness-raising activities

- The physical investor education base introduced “cloud visits” using online livestreaming, along with VR visits, transforming the visits from “inbound” to “outbound”.
- We hosted a variety of themed investor education events, such as “Understanding the Reports of Listed Companies”, “Investor Education in 100 Schools”, “Infrastructure REITs Investor Education”, and “Financial Literacy Month”.
- We strengthened collaboration with the government in investor education. For example, we carried out the “Anti-Fraud and Anti-Scam Education in Communities” campaign in partnership with the No. 3 Intermediate People's Court of Beijing Municipality and the Datun Street Office of Chaoyang District.
- Under our wealth management business, we released a variety of research-based content, such as daily investor education articles, weekly market updates, monthly asset allocation reports, and monthly strategy guides, and organized both online and onsite investor education events and live broadcasts as needed.
- We actively made our voice heard in top financial media outlets, guiding investors to take a rational outlook on market fluctuations and expanding the coverage and reach of our investor education efforts.

#### Establishing social media platforms for investment education

- We leveraged new media platforms to promote our investor education works and have established a comprehensive self-media promotion matrix.

#### Promoting the inclusion of investor education in the national education system

- We partnered with the Renmin Business School of the Renmin University of China to launch the second iteration of the *Corporate Financing and Wealth Management* MBA program, delivering lectures based on “one course, one textbook, one set of courseware, one video, and one group of instructors”. This was part of our ongoing efforts to continuously explore the various dimensions of the value of incorporating investor education into the national education system.
- We took part in the “Debate on Investor Education for College Students” hosted by the China Volunteer Service Foundation, widely promoting our educational efforts.



### Jingxin Academy partnering with local court to conduct the "Anti-Fraud and Anti-Scam Education in Communities" campaign

The No. 3 Intermediate People's Court of Beijing Municipality and the Datun Street Office of Chaoyang District visited CSC's investor education base, Jingxin Academy, on September 5, 2022. We joined hands to carry out the "Anti-Fraud and Anti-Scam Education in Communities" campaign. The campaign included a tour of our education base, lectures on the evolution of securities both in China and abroad, and an introduction to the categories of financial investments, common financial risks, and the legal channels for safeguarding one's rights, as well as presentations on the profile and promotion of anti-fraud knowledge in communities.

This joint campaign brought investor education and legal education into public spaces and communities, offering residents an opportunity to get face-to-face professional advice and consulting services. It is another concrete action of CSC's commitment to investor education.



Joint anti-fraud and anti-scam education campaign

- Jingxin Academy, the Company's investor education base, received a total of **74,658** visitors throughout the year;
- CSC held **7,360** charitable investor education events, reaching over **52.12** million participants;
- CSC cumulatively released **3,465** online investor education works through various social media accounts, garnering a total readership of over **260** million;
- Posts about the "Debate on Investor Education for College Students" charitable event reached a total readership of nearly **15** million on Weibo.

## Optimizing Customer Service

The ability to provide customers with comprehensive services is the bedrock of CSC's competitiveness. Putting customers front and center, we consistently prioritize "high-quality customer service" during our day-to-day business operations. We have established a well-rounded customer service system to provide customers with all-encompassing, full-lifecycle integrated services, which we tirelessly work to make more tailored and professional. We place a high emphasis on understanding and responding to customers' concerns and needs to continuously increase their satisfaction.

We take our customers' needs and expectations seriously, value their input, and do our utmost to address their real problems. In 2022, we continued to optimize customer consultation service management and implement customer complaint management to improve the efficiency and quality of our customer service.

### CSC's Customer Service Improvement Measures in 2022

#### Streamlining customer business service processes

- We sped up launching the online signing of secondary business application forms in our margin financing and securities lending business, offering customers greater convenience and ease.

#### Optimizing continuous after-sales service system

- We introduced a service for continuous tracking and evaluation of financial products, addressing the lack of such backend services after product sales.
- We performed continuous tracking and evaluation of existing products and provided customers with investment advice based on the present market environment.
- We provided customers with portfolio services from a buyer's perspective, helping them review their accounts and offering tailored advice on product and strategy selection.

#### Providing more tailored services

- We innovatively optimized our customer classification model from the two dimensions of client profitability and potential business needs, offering customers personalized and refined service solutions such as individualized concentration limits and in-depth position analysis.
- We established a massive "intelligent service scenario" with an abundance of tailored experiences, creating a comprehensive "customer lifecycle journey" and a "refined service marketing system".

### Improving customers' consultancy service experience

- We instituted a customer consultation service hotline offering both manual services and 24/7 intelligent self-help Q&A services, providing consultation on account opening, trading rules, and other related inquiries.
- We formulated and revised internal regulations for customer service hotlines, streamlining and establishing manual customer service processes and standardizing customer service procedures.
- We provided internal training to strengthen the customer service skills and professionalism of our customer service personnel, continuing to build a high caliber of customer service professionals.

### Strengthening complaint management

- We further refined our complaint management regulations and processes and revised internal complaint handling guidelines, categorizing complaints by channels and developing detailed, category-specific complaint handling procedures.
- We optimized the channels for receiving and handling complaints, launched the newly upgraded Uwen online platform, and improved complaint handling at the headquarters customer service center; we also published the complaint channels and complaint handling procedures at our branches and on investment education platforms.
- We further detailed the standards for complaint accountability and created a punishment and accountability mechanism for customer complaints to take serious actions against institutions and individuals involved.
- We developed a set of training courses for different scenarios to strengthen employees' complaint handling capabilities, conducted targeted training for complaint handling during business processing, and tied training participation and exam results to the annual employee performance evaluation.

- In 2022, our customer service and complaint hotline received **320,000** customer inquiry calls, with the volume of customer inquiries going up for three consecutive years and the response satisfaction rate reaching **98.42%**.
- In 2022, Uwen, our online securities consultation service platform, provided **1.89** million investor advisory services, resolving over **4.73** million investor inquiries in total, with a daily peak of **16,590** inquiries and a customer satisfaction rate of **99%**. The platform continued to lead the industry in terms of the online consultation service experience and service volume.

## Investing in Fintech

Fintech, as a form of technology-driven financial innovation, is a critical engine for deepening the supply-side financial structural reform and amplifying the role of finance in serving the real economy.

CSC has established “digital transformation” as one of the development strategies in the Company’s “14th Five-Year” Development Plan. We have built the CSC digital transformation framework and the SI (Specialist of Informatization) coordination mechanism, which work alongside the various digital transformation groups in each department to move forward the “digital transformation” agenda on all fronts. We aim to achieve the deep integration between technology and finance and use technology to empower the development of all our business areas.

### CSC’s Digital Transformation System



Continuing to invest in fintech, we strengthened the SI collaboration mechanism in 2022 while further digitalizing our business operations, consistently driving the adoption of technologies in our wide range of business scenarios. We implemented digital transformation practices and amplified efforts to augment our operational efficiency and business decision-making capabilities.

### CSC's Digital Transformation Measures and Achievements in 2022



#### Leveraging SI coordination mechanism

- We enhanced the SI mechanism at the system level, revising SI policies and developing a matching annual SI workload plan, incorporating digital development initiatives into each department's KPIs for the first time; we also carried out an SI specialization pilot program.
- We continuously monitored the achievement of our digital targets and the progress of key initiatives in 2022 and further standardized departmental requirements, leveraging the strengths of the SI mechanism at the execution level.



#### Further digitalizing business operations

- We continuously built our electronic seal system, completing the development of numerous features such as electronic signatures for transaction confirmation by both parties, electronic authorization, and electronic seals for business operations. These developments significantly enhanced the efficiency of document sealing and reduced labor costs.
- In investment banking business, we advanced the construction of the digital platform, launching multiple functional modules, such as voting at project approval meetings, voting at internal audit meetings, document retrieval, work reporting, and conflicts of interest checks. These developments significantly improved the work efficiency.



#### Upgrading our business ecosystem

- In brokerage business, we optimized customer interaction platforms such as the Qingting Dianjin app, Tongdaxin, and centralized trading systems; contributed to the establishment of six major brokerage business platforms, including an architecture upgrade and full-scale redesign of the WeChat platform and improvement of the digital marketing platform.
- In institutional client business, we continued to develop a specialized trading system by enhancing the functions of the Jinzheng Express Trading System (A-share, margin financing and securities lending) and various PB business systems; continuously improved the FPGA high-speed market data system to enhance the high-speed trading experience for professional clients; established an intelligent research data platform to empower our research business with data and maximize its value.
- In investment banking business, we continuously iterated and improved digital management capabilities for project quality control throughout the entire project lifecycle; implemented digital information management for project operations, launched RPA processes, and developed intelligent assistant tools, further enhancing the efficiency and quality of our customer service.
- In asset management and proprietary trading businesses, we upgraded our options and futures market-making systems, enhanced the OTC derivatives system, launched the long-short income swap system, and continuously built the "Octopus" platform, further improving our business processing and trading efficiency.

### Using fintech to improve the Qingting Dianjin app and optimize customer experience

The Qingting Dianjin app is a comprehensive financial mobile terminal that CSC has built to offer customers one-stop financial services. We continuously enrich and improve the features on the app to optimize and enhance customer experience.

- A number of digital upgrades to the Qingting Dianjin app, including the virtual person one-way video witness support, helped facilitate non-face-to-face account opening and management.
- We officially launched new features after completing the various technical upgrades required by exchanges, which elevated the user experience of the various market and trading functions on the app.
- We completed the 2.0 version upgrade of our investment advisory platform, introducing the Steward product and streamlining the signing process; we also launched multiple decision-making tools, such as Chip Prospecting, to facilitate channel expansion and innovative business development.

The Qingting Dianjin app garnered 2.34 million total downloads in 2022, ranking 7th in monthly active users (MAU).



Interface of the Qingting Dianjin app

In the meantime, we have continued to increase investment in innovative technology research, financial application, and related fields. We actively engage in fintech research, exploring the integration and development of new technologies, such as cloud computing, big data, AI, and blockchain, with financial businesses. Our continual research on fintech-related topics and articles written for journals have earned us numerous awards and honors.

- In 2022, our total investment in fintech reached RMB 76,868.8 thousand;
- The *Unified Testing of Core Business Software Systems in the Securities Industry* project received the **Outstanding Award at the 8th Securities and Futures Science and Technology Awards**;
- The *Construction and Application of a Whole-Process Smart Marketing Growth Platform* project received **2022 "Innovation China" Innovation Achievement of the Year for Financial Technology and Digital Transformation** from the China Institute of Communications (CIC);
- The *Integrated Research and Operation of Custody Outsourcing Service Platform* project received the **Benchmark Case Award for Research and Operation Quality and Effectiveness at the 2022 XOps Industry Ecology Summit** from the China Academy of Information and Communications Technology (CAICT);
- The Qingting Dianjin app received the **Best Digital Empowerment App Award at the 7th Sina Finance Securities App Awards**;
- A number of projects, including the *Innovative Applications of CSC Tongdaxin Securities Online Trading System*, received the Most Valuable Business Case Award at the 2nd (2022) "Jinxintong" Fintech Innovation Application Case Selection.

## 03 Valuing Talent and Creating a Diverse and Inclusive Workplace

The central conference on talent-related work in 2021 called for efforts to “implement the strategy on developing a quality workforce in the new era and speed up China’s upgrade toward a major world center of talent and innovation”, putting an emphasis on the key role of talent in propelling development. It also highlighted the need to prioritize independent talent development and speed up establishing a competitive talent pool, providing guidance for building a strong country and strong businesses by cultivating talent.

CSC upholds a people-centric approach and strictly complies with relevant national laws and regulations, such as the *Labor Law*, the *Labor Contract Law*, and the *Law of the People’s Republic of China on the Protection of the Rights and Interests of Women and Children*, and international conventions such as the *Universal Declaration of Human Rights* and the *United Nations Guiding Principles on Business and Human Rights*. The Company is committed to protecting human rights, cultivating talent development, and creating a dynamic workplace to empower our employees to grow and thrive together with us.

Safeguarding  
Employee  
Rights

Cultivating  
Talent  
Development

Creating a  
Dynamic  
Workplace



## 2022 Performance Highlights

- 14,147 employees in total, including 8,031 male employees and 6,116 female employees, 656 ethnic minority employees, and 88 employees with disabilities;
- Invested RMB 13 million in employee training, achieving an 87.45% coverage rate and an average training time of 45.83 hours per employee;
- Organized 3 employee representative meetings, approving 3 resolutions;
- Employee satisfaction rate exceeded 95%.



## Safeguarding Employee Rights

### Recruitment and Employment

CSC continues to bring in top talent with a commitment to mutual respect, fairness, and impartiality in the recruitment process. In compliance with the *Recruitment Management Measures*, the Company strictly prohibits the use of child labor and forced labor and the practice of having employees pay deposits or hand in their ID cards at the time of employment. The Company consistently strengthens the management of working hours and has zero tolerance for non-compliant labor practices. In 2022, we recorded zero cases of child labor and forced labor.

In 2022, the Company formulated the *Implementation Rules for Recruitment Management* and strictly implemented relevant provisions. Based on an analysis of the recruitment market environment, the Company's own business development, and specific job requirements, we formulated a scientific annual recruitment plan, identifying our talent needs in advance. We also regularly tracked the progress of recruitment to make timely adjustments to the plan.

We continue to develop and accumulate talent resources, utilizing diverse recruitment channels, such as traditional job fairs, online recruitment, headhunting, and referrals, to bring in highly skilled, future-ready employees who align with the Company's values. In 2022, the Company posted job opportunities on a variety of platforms such as company website, recruitment websites, university websites, and WeChat Official Accounts, and held numerous online and onsite employment exchange activities such as seminars and online job fairs.

Deeply committed to promoting employment opportunities for college students to help "stabilize employment", CSC has taken an active role in external initiatives oriented towards this end. The Company has also established long-term partnerships with numerous domestic and foreign universities, signing talent cooperation agreements to offer employment guidance and opportunities to their graduating students. In 2022, the Company proactively participated in a variety of college graduate employment promotion activities, such as the "National Recruitment" campaign jointly launched by China Central Television, the Ministry of Education and other departments, the "China Future Financial Analyst Competition" jointly organized by the Beijing Local Financial Supervision and Administration Bureau and other institutions, the "Financial Coach Program" at Tsinghua University; and career development counseling activities at multiple universities.



#### CSC's "Building the World, Investing in the Future" internship program

The "Building the World, Investing in the Future" internship program is a long-standing initiative that we have developed for college graduates, offering them a wealth of job opportunities in major cities such as Beijing, Shanghai, Guangzhou, and Shenzhen, including positions at both the headquarters and branch offices. Since the inception of the program, over 5,000 students have secured internships, enabling them to enhance their employment skills and professional aptitude as they prepare to embark on their careers.

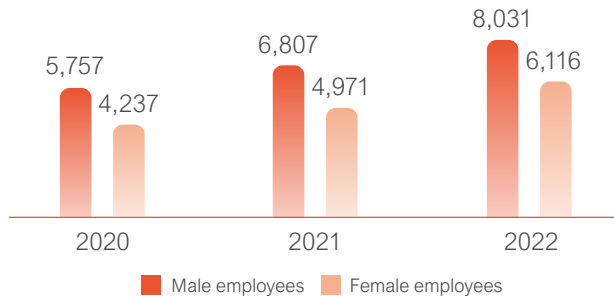
The Company continued to implement the internship program in 2022, recruiting a total of 2,055 students.

### Workplace Equality and Diversity

CSC upholds a people-centric philosophy and has the *Employee Rights and Benefits Statement* in place to safeguard employees' rights and interests. The Company is committed to building a diverse workforce and fostering a harmonious work environment that ensures all employees have equal opportunities for growth and development.

During recruitment, the Company strictly follows the prescribed processes and regulations, treating all candidates equally and prohibiting any form of discrimination based on factors such as gender, age, ethnicity, family background, religion, gender, and social status. We are attentive to the employment status of special groups, such as ethnic minority college students, retired military personnel, and people with disabilities, and actively implement talent introduction practices to build a diverse workforce. In 2022, the Company offered Chinese mainland-based employment opportunities to three Xinjiang college graduates and provided jobs for 88 employees with disabilities.

## Gender Distribution of CSC Employees over the Past Three Years



Meanwhile, CSC adopts a zero-tolerance policy towards discrimination and harassment in the workplace, implementing stringent measures to manage and address any such behavior. The Company continues to build a harmonious and diverse workplace culture through initiatives such as anti-discrimination and anti-harassment training and support for the career development of female employees.



### "Learning from the Spirit of China's Women's Volleyball Team and Strengthening Party Building Empowerment" female manager training program

In March 2022, CSC organized the 2022 training program for female managers themed "Learning from the Spirit of China's Women's Volleyball Team and Strengthening Party Building Empowerment", which was attended by 38 participants.

The training program combined theoretical lectures with practical activities, including watching *Leap*, the biographical film about China's women's volleyball team, visiting the Women's Volleyball Tengfei Memorial Hall and the Gu Wenchang Memorial Hall, introducing the female manager training system, providing stress management courses, etc. The program recognized and highlighted the value and contributions of female managers, inspiring them to further realize their personal value and improve their leadership and management capabilities.



The "Learning from the Spirit of China's Women's Volleyball Team and Strengthening Party Building Empowerment" 2022 female manager training program

## Democratic Employee Communication

CSC embraces democratic management and actively improves the employee representatives' congress, which serves as a vital platform for communication between employees and the Company. Meanwhile, the Company recognizes and safeguards the employees' rights to express their opinions and oversee the Company's operations.

We value employee feedback and have sound mechanisms in place to encourage open communication, such as daily feedback and online communication channels and regular satisfaction surveys. In 2022, we conducted an employee survey to gather feedback and suggestions on various aspects of the Company's operations and culture. The goal was to fundamentally improve the Company's management practices, enhance employee satisfaction, and create a mutually beneficial and enabling environment with happy employees and a thriving company.

- In 2022, we held three employee representatives' congress meetings, approving three resolutions.
- In 2022, we conducted an employee opinion survey and achieved a satisfaction rate of over **95%**.
- In 2022, we received the Best Campus Recruitment Practice Award and Most Promising Employer Award in the China Best Employer Award 2022 co-hosted by Zhaopin.com and the Center for Social Research of Peking University.

## Fostering Talent Development

### Optimizing Training System

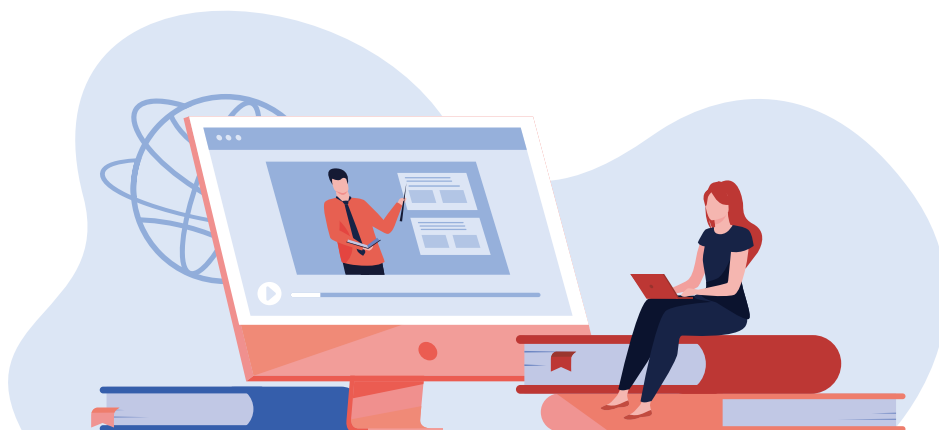
CSC has formulated the *Employee Training Management Measures* and continuously optimizes the structured, ladder-style talent development system that fosters management skills at different levels and supports versatile professional development. We are committed to constantly improving our talent cultivation mechanisms.

We built the “Job Level + Position” learning map in 2022, with a “Career Development and Training Ladder” as the longitude and different job requirements and skills as the latitude. It is designed to empower employees through tiered and categorized learning.

In 2022, CSC continued to implement a diversified suite of training programs such as the Management Training Program, the Career Booster employee training program, the Flamebearer Program, the Sailing Program, and the Peak Climbing Plan. These programs aim to enhance the employees' overall skillsets, such as management and leadership, professional proficiency, and general job skills, to facilitate their all-round growth.

- In 2022, we launched **30** talent development programs and hosted **51** onsite training sessions of various sorts, with **19,426** participants recorded in total.
- In 2022, we enrolled employees in **63** external training programs offered by industry associations, exchanges, and other organizations, with **1,212** participants recorded in total.
- We introduced **1,254** new courses on the E-Learning platform throughout 2022, recording **199,455** online participations across the Company. The platform had an average of **11,416** monthly logins, **7,660** monthly learners, and a monthly total of **52,138** hours of online learning time (excluding continuing education for qualifications). On average, each employee completed **49** online courses in 2022.

CSC attaches high importance to the development of employees' management and leadership skills and has established a multi-level management team. We have developed professional management training programs with targeted training modules to cater to the needs of middle and senior managers, frontline managers, young leaders, and outstanding youth, among other groups.



### CSC's Employee Management and Leadership Skills Training Initiatives and Achievements in 2022

Target group	Training programs/activities
Middle and senior managers	<ul style="list-style-type: none"> <li>We arranged for middle and senior headquarters managers to participate in manager training programs to strengthen their strategic thinking and leadership skills.</li> </ul>
Frontline and middle managers	<ul style="list-style-type: none"> <li>We continued to implement the "Sailing Program" for branch managers, which comprised four phased training classes: Takeoff Class, Continuation Class, Cruise Class, and Navigation Class. The program is specifically designed to empower managers who are at different stages of development, with varying levels of experience, and managing branches of different sizes to achieve the goal of "providing a platform, promoting communication, and enhancing abilities".</li> </ul>
Young leaders	<ul style="list-style-type: none"> <li>We implemented the "Team-leader Skills Enhancement Class for headquarters and subsidiaries", the "New Brokerage Team Leaders" training, and the "Branch Team Leaders" training, among others, to empower and develop the management skills of team leaders at our headquarters and branches.</li> <li>We continued to carry out the "Flamebearer Program" in our brokerage business line, incorporating diverse training measures such as "learning, practicing, mentoring, testing, and evaluating" throughout the "Flame Class" and "Torch Class" programs. Our goal is to cultivate talents who can "expand the market, lead teams, and know the business".</li> </ul>
Outstanding youth	<ul style="list-style-type: none"> <li>We developed and released the <i>Implementation Plan for Concentrated Management Trainee Development</i> and put the Management Trainee Program into action, which included a six-year rotational training plan that covered specialized training, topic guidance, discussions and exchanges, assessments, and record maintenance.</li> </ul>

- In 2022, the Company arranged for **10** middle and senior managers to participate in the training class targeting middle-aged and young leaders, two to participate in the training demonstration class for new managers, and **202** frontline and middle managers to participate in the Company's "Sailing Program".
- In 2022, **123** team leaders participated in the "Management Skills Enhancement Class", **83** reserve managers-to-be in the brokerage business line participated in the "Flamebearer Program", and **25** individuals participated in the Management Trainee Program.

### Outstanding young leaders in brokerage business line participating in the “Torch Class” training program

Under the ongoing “Flamebearer Program” designed to train young brokerage professionals, CSC provided the “Torch Class” for 83 outstanding young employees in the brokerage business line from April to December 2022, to build and maintain a continual and systematic supply of brokerage talent.

We iterated the “Torch Class” training program to version 2.0 in 2022 by optimizing and upgrading the training measures and curriculum in line with the real needs of frontline managers at the branch offices. The training was conducted under four modules: Enhancing Basic Skills, Improving Management Skills, Shaping Business Thinking, and Streamlining Comprehensive Abilities. The courses covered a variety of topics such as management competency building, management case studies, business management awareness development, sharing of practical experiences in branch office management, and digital transformation of wealth management, with matching exercises. The participants all developed more profound insights into the role of managers and a strengthened business awareness and management mentality. The program also enhanced their management skills and comprehensive application capabilities, fast-tracking their growth from team leaders to managers.



In respect of targeted business training, we have developed the “Peak Climbing Plan”, a professional talent development initiative that offers specialized training programs focused on key areas of professional development, such as investment research, key account management, investment banking projects, digitalization, and internationalization.

### CSC's Specialized Talent Development Programs and Achievements in 2022

#### Investment research talent development

- The program comprised two levels: basic and advanced. The six-month basic-level class included five learning modules, 21 professional courses, 217 hours of professional training, and assessments. The advanced-level class was divided into three learning tracks: equity, quantitative, and fixed income. Through six lectures, on-the-job guidance, mock investment competitions, and review-presentation-debate, among other methods, the class enhanced the participants' ability to develop investment strategies and execute trades.
- In 2022, a total of 1,466 employees enrolled in the “Basic Class” of the Investment and Research Talent Special Training Program, with 288 receiving Certificate of Completion. 49 employees participated in the “Advanced Class” with 39 receiving Certificate of Completion.

#### Key account manager development

- We organized a Key Account Manager Training Camp, which was implemented in two phases through a combination of online learning and in-person lectures. One focus was on strengthening the professional ethics, general capabilities, and marketing techniques of institutional sales personnel, and the other was on promoting business synergy and enhancing the understanding of institutional sales personnel on products across various business lines, thereby improving the overall capabilities of key account managers.
- A total of 45 account managers participated in the Major Account Manager Training Camp in 2022.

#### Investment banking project talent development

- We organized multiple thematic training sessions, including the *Key Points for Reviewing Prospectus Forms*, the *Key Points for Online Submission of Application Materials*, and the *Investment Banking Business Conflicts of Interest and Information Barriers* to help our investment banking project personnel stay informed about relevant regulatory rules and review requirements.

#### Digital talent development

- We developed the Digital Talent Development Roadmap built on the three pillars of “organizing series lectures, offering general courses, and conducting practical training”. By hosting training activities such as the Fintech General Course and the Product Thinking Training Camp, we aimed to organically integrate technology and business and cultivate a caliber of multidisciplinary digital talent with both a business vision and technological acumen.
- In 2022, 314 employees received certificates of completion for the Fintech General Course, and 45 employees participated in the Product Thinking Training Camp.

#### International talent development

- We held a lecture series titled “Exploring the Hong Kong Capital Market” on an irregular basis to introduce the regulatory framework, business rules, and professional standards of the Hong Kong market to broaden employees' professional knowledge scope.
- We organized a series of 14 specialized training sessions across seven themes titled “Overseas Business Communication and Cross-Cultural Exchange” for relevant personnel to further improve their language and communication skills, as well as business acumen.



#### Partnering with education organization to provide series training program titled “Overseas Business Communication and Cross-Cultural Exchange”

CSC partnered with Daily Education in July 2022 to launch a training series titled “Overseas Business Communication and Cross-Cultural Exchange”. The training was attended by 100 employees from our integrated departments and subsidiaries, as well as employees with a need to improve their business English skills.

The training was assessed on a pass/fail basis, and participants who met the course requirements would receive a certificate of completion. Delivered remotely through live streaming, the training included seven courses, such as *Effective Interpersonal Communication* and *Cross-Cultural Exchange*. The training employed a combination of lectures, interactive exercises, and Q&A sessions with a view to enhancing the employees’ English proficiency and communication skills in a business environment.

We are committed to implementing our talent strategy. We support employee participation in vocational qualification training and acquisition of relevant professional certification to continuously improve their professional abilities. In addition, we provide various forms of training support towards these ends, including securities industry qualification continuing training, sponsor representative training, fund industry qualification continuing training and pre-examination coaching, accounting personnel continuing education and training, and IT qualification training. These programs are available to all full-time employees under labor contracts, effectively improving their professional proficiency and enhancing their competitiveness in the job market.

- In 2022, over **9,800** employees from the headquarters and branches participated in continuing training for securities industry qualifications; **6,328** employees participated in continuing training for fund industry qualifications; **1,372** employees received pre-examination coaching for fund industry qualifications; **666** employees participated in continuing training for futures industry qualifications; **189** employees participated in continuing education for licensing qualifications in Hong Kong; **122** employees participated in continuing education and training for accounting. We also provided financial support for **23** employees from the IT Department to obtain various professional qualifications, such as the Chartered FinTech Professional (or CFtP).



## Performance Evaluation and Incentives

By carefully considering various factors such as the market standards and our compensation strategy, we have established an equitable and scientific salary standard and performance-based salary ratio. We have also created a top-down performance-based salary system, aiming to provide performance incentives and harmonize our overall strategy, organizational development with the career aspirations of our employees to achieve a win-win.

Guided by the core value that “achievements lead to status”, we have established a fair, transparent, and impartial evaluation mechanism. Our *Performance Management Measures* lays out the details such as the annual performance system, performance evaluation mechanism, performance feedback process, and performance appeal procedures. We implement the employee performance management process on an annual basis to achieve effective performance-based salary management and an all-round and objective evaluation of employees' performance and contributions.

### CSC's Performance Evaluation Mechanism in 2022



In 2022, CSC implemented a steady salary management approach and continuously improved the performance management. We built up a preliminary “digitalized” employee performance quantification management platform and initiated a self-examination of remuneration so as to ensure the compliance and reasonableness of our total salaries, allowances and benefits, relevant policies, and other areas. We conducted an employee satisfaction survey specifically focused on salary and made timely adjustments to the performance evaluation indicators, continuing to optimize the employee performance management system.

## Creating a Dynamic Workplace

### Employee Health and Safety

CSC cares deeply about employees' health and safety. We continue to strengthen occupational safety management and improve medical insurance coverage for employees in accordance with relevant laws and regulations such as the *Labor Law* and the *Fire Control Law of the People's Republic of China*, the *Regulation on Work-Related Injury Insurance*, and the *Internal Public Security Regulations of Enterprises and Institutions*, taking proactive steps to support the physical and mental wellness of our employees.

#### CSC's Efforts to Safeguard Employee Health and Safety in 2022

##### Strengthening safety management



- We have established a safety management policy that prioritizes safety, prevention, and comprehensive management;
- We continue to provide safety training for new employees to ensure safety accountability is embedded across all levels of the Company;
- We continue to strengthen our physical, technical, and fire protection construction efforts, enhance accountability, and make regular safety inspections; we conduct fire and electricity safety inspections in all office and business areas every month and clear obstructions timely to ensure fire exits remain unblocked; we arrange for property management and security personnel to carry out fire emergency drills;
- We place strong emphasis on protecting employee information security and continuously improve employee awareness in this regard. We produce an information security awareness training video every year to educate all employees; select 2,000 employees on a random basis every quarter to participate in a simulated "phishing email" test; share information security awareness-raising images via business WeChat every week and put up posters in areas with high foot traffic.

##### Improving medical care



- We purchase supplementary medical insurance for employees in addition to legally required social insurance contributions and continue to optimize employee insurance benefits; provide all employees with a free annual physical examination and offer female employees over the age of 35 a specialized gynecological examination;
- We regularly hold health training lectures for employees to enhance their medical knowledge and help them develop better work and lifestyle habits. These lectures cover various topics such as Traditional Chinese Medicine, women's health, infant and child care, disease prevention and treatment for middle-aged and elderly people, mental health, and emergency self-rescue.

## Deepening Care for Employees

CSC strives to create a positive work environment that fosters a motivated and satisfied workforce. We care for our employees' well-being and organize various cultural and sports activities to promote a healthy work-life balance for employees.

### CSC's Employee Care Initiatives in 2022

#### Caring for employees' life

- We have established a sound system of employee care and welfare that includes a variety of activities, including holiday greetings, employee birthday celebrations, marriage and childbirth congratulations, condolences for serious illnesses and deaths, retirement farewells, assistance for employees in need, support for the education of employees' children, etc.

#### Enriching employees' spare time

- We organize a rich variety of cultural and sports activities for our employees to enrich their spare time. In 2022, we celebrated the International Women's Day, Children's Day, and other important holidays with a series of events, continuing to build stronger coherence and teamwork.
- We advocate for a healthy lifestyle among employees, launch the "Mental Health" and "Reading Corner" sections on the Employees' Home website and hosted various fitness activities, such as online "sports events", virtual "walking" events and "cooking demonstration" as well as physical fitness activities.
- We encourage the formation of employee clubs. In 2022, 19 new employee clubs were formed, bringing the total number to 53.



# 04

## ***Demonstrating Financial Commitments and Fulfilling Social Responsibilities***

For financial institutions, understanding and responding to the diverse needs of stakeholders is a critical dimension of fulfilling their ESG responsibilities. Responding to the national 30-60 decarbonization goals, we have redoubled efforts to embed a low-carbon approach into the fabric of our operations, thus driving green development; responding to national calls and industry guidelines, we have taken concrete actions to promote rural revitalization and consolidate the achievements of poverty alleviation, consistently advancing efforts in providing financial assistance and consumption-based assistance.

Responding  
to Climate  
Change

Endorsing  
Green  
Operations

Supporting  
Charitable  
Causes



## 2022 Performance Highlights

- Donated RMB 24,987.7 thousand to society, including RMB 11,112.2 thousand in consumption-based assistance efforts.
- China Securities Futures conducted 110 “insurance + futures” projects and 117 OTC options projects and provided 45 professional futures training sessions.



## Responding to Climate Change

### Climate Change Management System

Climate change is a global ecological issue facing all humanity. CSC fully recognizes the severity and urgency of addressing the impacts of climate change and is committed to empowering the global economic low-carbon transition.

CSC has established a climate risk management framework by drawing on the *Guidelines on Environmental Information Disclosure for Financial Institutions* issued by the People's Bank of China and the disclosure framework and recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The framework guides us to comprehensively assess climate-related risks and opportunities from the dimensions of governance, strategy, risk management, and indicators and targets and informs corresponding management measures to respond to the focus of regulators and investors.

#### CSC's Climate Change Management Framework



## Climate Risks and Opportunities

Drawing on relevant laws and regulations, policies and systems, and physical climate parameters, CSC identifies climate-related risks and opportunities in terms of severity, exposure, and sensitivity. The Company undertakes an alignment assessment by benchmarking international standards and industry best practices. The Company will continue to carry out in-depth research in this regard and make steady progress in climate-related scenario analysis.

CSC integrates climate risk management into the overall risk management. We regularly identify short-, medium- and long-term risks and opportunities, define the sources and scale of climate-related risks, and analyze and address the risks and opportunities brought by climate change.

### CSC Climate Risk Analysis

Types of risks		Risk description	Time frame
Transition risks	Risks of emerging policies and regulations	The Hong Kong Green and Sustainable Finance Cross-Agency Steering Group has announced that climate-related disclosures aligned with the TCFD will become mandatory in 2025. Failure to put in such efforts as soon as possible may subject the Company to regulatory risks.	Medium- term
	Market risks	National low-carbon transition policies such as carbon neutrality and green finance may lead to a shift in market preferences, directing funds towards low-carbon sectors and away from high-emission sectors. Failure to support low-carbon and green business initiatives may result in the company's operations being negatively impacted by market forces.	Short-term
	Reputational risks	As public awareness about climate change and green and low-carbon development continues to grow, failure to meet stakeholder expectations may subject the Company to reputational risks.	Medium- term
Physical risks	Severe natural factors	Climate change is expected to increase the probability and severity of climate disasters (such as floods, heat waves, and droughts), resulting in loss of life and property and disruptions to economic activities.	Short-term
	Long-term natural factors	The increase in global average temperature will raise the average temperature of the Company's data centers. As such, more energy will be consumed by the air conditioning units to ensure the stable operation of the data center equipment and systems, which will necessitate extensive data center upgrades.	Long-term

In response, the Company has identified the following measures for climate risk management: 1) developing an overall strategy and risk preferences for climate risk management; 2) promoting employees' awareness of climate risks; 3) participating in the design of climate risk management procedures, assigning responsibilities, regularly receiving updates on progress, and approving updates to relevant procedures; and 4) instituting overall supervision of climate risk management and monitoring and tracking the progress of climate actions taken by investee companies.

### CSC Climate Opportunity Analysis

Types of opportunities	Opportunity description	Time frame
Market opportunities	China has set the goal to develop green finance and is building a green finance system and a national carbon trading market. Green finance is therefore making promising advances in China, and this will bring the Company new development opportunities.	Short-term
Products and services	The green development trend creates market opportunities that can be capitalized on. The Company can develop innovative green financial products based on an in-depth market trend research to match investors' growing interest in green finance.	Medium-term
Resource efficiency	The Company can revamp and upgrade its data centers by streamlining and optimizing the computer rooms and increasing the proportion of clean energy to promote energy conservation and carbon reduction efforts, improve resource efficiency, and reduce energy consumption.	Long-term
Adaptation	Keeping up with the global policies and progress in climate action, the Company can promote cross-sectoral dialogue on climate-related risks and opportunities; by analyzing the alignment between the market and policies on carbon peaking, carbon neutrality, green finance, etc., the Company can provide investors with well-conceived products and services.	Short-term

CSC released a research report titled *Climate Risks and Paris-Aligned Indexes* in 2022, identifying and analyzing climate risks and comparing several Paris-aligned indexes. The report shed light on their advantages and limitations by looking at their historical performance and role in driving ESG improvement. Paris-aligned indexes are indexes compiled based on the *Paris Agreement* and aimed at climate risks. They provide market participants with investment portfolio choices that contribute to mitigating the adverse impact of climate change and are vital in directing capital flow toward low-emissions areas. CSC has also been working on building such indexes, including the CSC Energy Digitalization Index, taking active steps to promote ESG investing and sustainable finance.

## Endorsing Green Operations

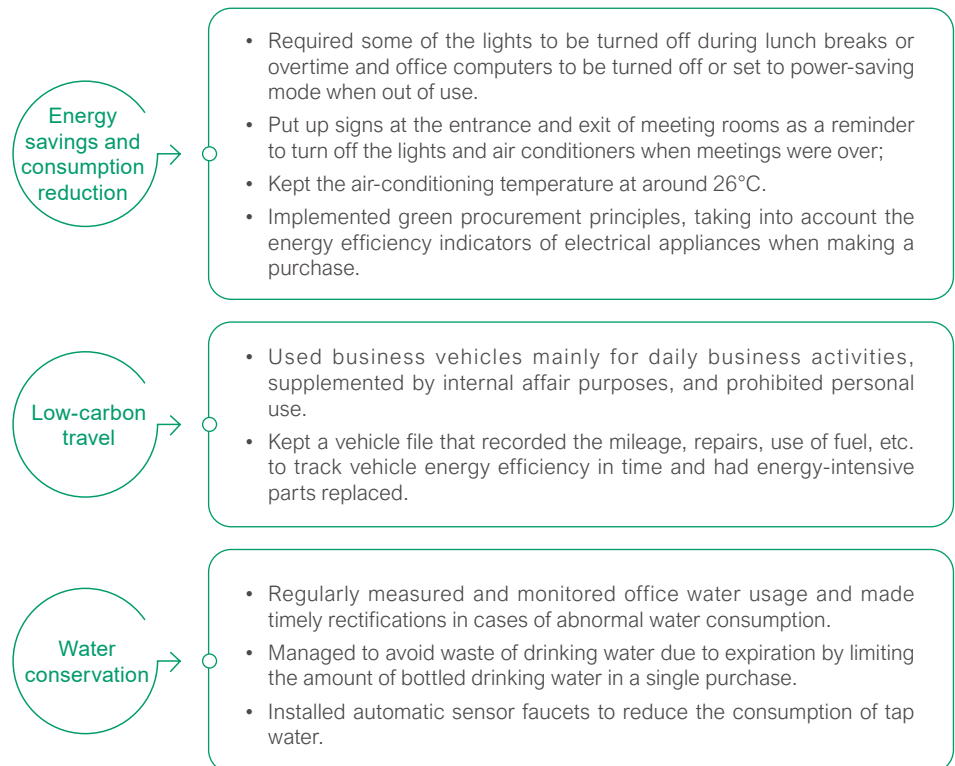
In compliance with relevant laws and regulations such as the *Energy Conservation Law* and the *Environmental Protection Law of the People's Republic of China*, CSC actively invests in green business development. We actively work to maximize energy and resource utilization and reduce the environmental impact of our business activities, maintaining a long-standing commitment to environmental stewardship.

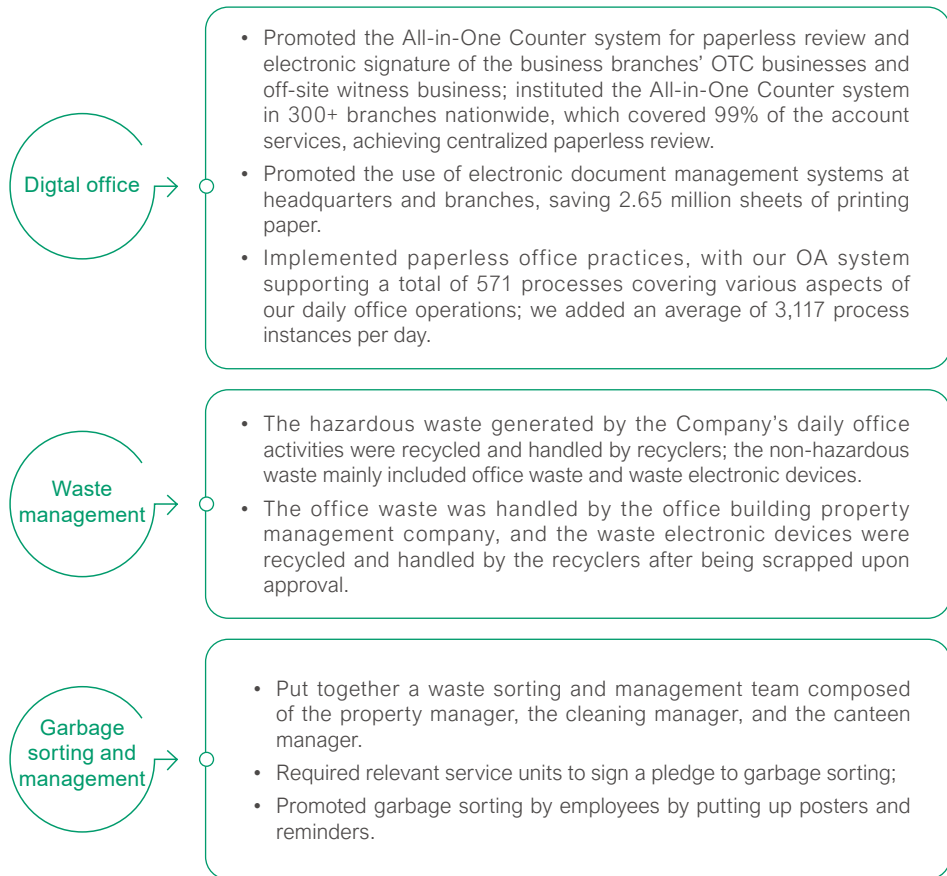
As a financial enterprise, our energy consumption and carbon emissions mainly stem from day-to-day business operations, including the use of electricity, natural gas, and gasoline for Company-owned vehicles. The water we use for daily operations comes from municipal water supplies, which involves no issues in water sourcing. The waste we generate mainly includes non-hazardous waste such as office and kitchen waste, as well as hazardous waste such as used batteries, toner cartridges, and carbon powder boxes.

In 2022, we developed environmental management goals for the next three years based on our operations, which is to achieve a decline in our GHG emissions, electricity consumption, and water consumption per unit area in 2025 compared with 2022. We also pledge to steadily improve the identification and statistical management of non-hazardous and hazardous waste sources and limit the amount of waste generated to a low level.

In accordance with national energy conservation and emission reduction regulations, the Company continued to drive reductions in the daily use of resources such as water, electricity, consumable goods as well as the resultant emissions. We promoted employees' awareness of energy-saving practices and enforced strict waste recycling and disposal protocols. Through these efforts, we continuously pursued more resource-saving and cleaner development to prevent and minimize negative impacts on the environment.

### CSC's Green Office Initiatives





As to the greening of data centers, we have implemented energy-efficient measures at all four data centers – two self-owned and two rented. The measures include using a variety of energy-saving techniques such as high-pressure water-cooled central air conditioning system, variable-frequency centrifugal water-cooled chillers, cold aisle airflow optimization, and ground-source heat pump. The average PUE of our data centers stood at 1.14 in 2022.



## Supply Chain Management

The Company's suppliers include legal entities, other organizations, and individuals who provide goods, projects, and services (collectively referred to as "goods") to the Company. To ensure compliance with relevant laws and regulations such as the *Law of the People's Republic of China on Tenders and Bids* and the *Interim Provisions on the Centralized Procurement Management of State-owned Financial Enterprises*, the Company has revised the *Procurement Management Measures* and the *Headquarters Supplier Management Measures*, establishing clear principles for supplier management and a closed-loop management system for supplier qualification, classification, selection, annual evaluation, etc.

### CSC's Management Measures for Environmental and Social Risks in the Supply Chain in 2022

During the admission stage, we review the suppliers' qualifications based on materials provided such as business licenses, financial statements, tax payment certificates, proof of social security contributions, qualification certificates, etc. Only qualified suppliers are admitted. This covers 100% of our suppliers



Through publicly available credit data sources such as the National Enterprise Credit Information Publicity System and Credit China, we actively identify supplier risks and focus on monitoring suppliers with abnormal business operations and records of illegal or dishonest behavior to prevent and mitigate the compliance risks of suppliers.



All admitted suppliers are required to sign the Qualified Supplier Pledge and promise to strictly abide by relevant laws, regulations, rules, normative documents, industry norms, and self-disciplinary rules and regulations, as well as widely recognized and followed professional ethics and codes of conduct in their procurement activities with the Company.

CSC fulfills its social responsibility for green procurement by setting green procurement priorities and working with green suppliers. During the procurement process, the Company requires all the suppliers to sign the *Qualified Supplier Pledge*. They thus pledge to comply with international and domestic environmental protection laws and regulations, such as the *Global Pact for the Environment* and the *Environmental Protection Law of the People's Republic of China*, and carry out production activities on the premise of zero or minimized environmental damage. This prods them to pay greater attention to energy conservation and carbon reduction and the use of renewable energy. The Company also requires suppliers to adopt responsible practices and environmentally friendly technologies to reduce air, water, sound, and light pollution, etc. caused by their production and operating activities. As to pollution that has already happened, they are required to proactively curb its spread, disclose relevant information to the public in a timely manner, and receive public oversight.

When auditing furniture procurement, the Company gives priority to suppliers who have obtained environmental management system certification and environmental label product certification, sets corresponding score weights, and puts forward green environmental protection requirements for suppliers in order to select suppliers with qualified product quality and environmental advantages such as low toxicity or harm and resource conservation.

## Supporting Charitable Causes

In 2022, the 20th CPC National Congress was successfully held, and the report to the Congress outlined a grand blueprint and practical path for building China into a modern socialist country in all respects. Thoroughly internalizing and operationalizing the spirit of the Congress, CSC has been actively engaged in arranging and supporting various charitable initiatives, such as paired-up assistance.

In 2022, CSC formulated and released the *External Donation Management Measures*. By enhancing management and outlining the management mechanism, we maximized the effectiveness of external donations. In 2022, CSC made a total external donation of approximately RMB 24,987.7 thousand, including RMB 11,112.2 thousand in consumption-based assistance efforts.

### CSC's Primary Rural Revitalization Initiatives in 2022

Types of initiatives	Activities
Offering financial assistance to alleviate financing difficulties	<ul style="list-style-type: none"> <li>We provided equity and bond financing services for enterprises, including IPO, equity refinancing, public offering and private placement on the NEEQ, corporate bond and asset securitization issuance, etc., to assist enterprises in poverty-stricken areas to secure financing.</li> <li>In 2022, we led the underwriting of 8 rural revitalization and poverty alleviation bonds for five issuers, with a total underwriting amount of RMB 1,765 million, raising an aggregate of RMB 3,667 million.</li> </ul>
Participating in designated assistance to support industries	<ul style="list-style-type: none"> <li>We donated a total of RMB 19,660.4 thousand to poverty-stricken counties in Yunnan, Chongqing, Shanxi, Jiangxi, Hunan, Inner Mongolia and other regions to improve local livelihood and support infrastructure construction.</li> <li>China Securities Futures assisted 8 enterprises in Shanghang County, Fujian Province and other areas to set up online sales platforms; provided 8 futures investment consulting services in Qianjiang District, Chongqing and other areas; and launched 110 "insurance + futures" and 117 OTC options projects nationwide to help agricultural products maintain their value and support the healthy and steady development of local agriculture.</li> </ul>
Conducting capital market education to improve knowledge	<ul style="list-style-type: none"> <li>Our research team wrote the <i>Research Report on County Economic Development in Qianjiang District</i>, Chongqing based on field research;</li> <li>We held 6 capital market training seminars in paired-up assistance counties and cities, reaching close to 300 participants.</li> <li>China Securities Futures signed rural revitalization assistance agreements with 24 poverty-stricken areas, including Susong County in Anhui Province; signed party-building cooperation agreements with party organizations in 16 poverty-stricken areas, including the Shashi Township Committee of the CPC in Yongxin County; and appointed three employees to assist the first secretary in Muliang village of Qianjiang District, Chongqing.</li> <li>China Securities Futures conducted 45 training sessions on futures in Tongbai County, Henan Province, and other areas, utilizing the power of futures to support rural revitalization.</li> </ul>

In addition to consumption-based assistance, financial support, industrial support, and knowledge building, CSC continues to fulfil its social responsibilities in other fields as well. In 2022, the Company donated cash and medical supplies with a total value of RMB 327.3 thousand to the Red Cross Society of Sanya City in Hainan Province and channeled RMB 5 million into the CSC Charity Fund dedicated to supporting charitable projects and donations. The Company also organized donations, volunteer tree planting, and volunteer cleanup events, among other public benefit activities.

#### Launching the first "bank + insurance + futures" project for pig farming in Qianjiang District, Chongqing

Chongqing 69 Animal Husbandry Technology Co., Ltd. (referred to as 69 Animal Husbandry) is an important pig breeding base in western China. As a livestock farming enterprise, 69 Animal Husbandry has great funding needs to expand its scale. However, the industry as whole is plagued by risks such as disease-related deaths and price declines, making it difficult for enterprises to obtain bank loans using pigs as collateral.

In February 2022, China Securities Futures, Chongqing Branch of Agricultural Bank of China, and Chongqing Branch of PICC Property and Casualty jointly facilitated the launch of the first "bank + insurance + futures" project for pig farming in Qianjiang District, Chongqing. The project provided local pig breeding enterprises with approximately RMB 8.4 million in price risk protection, RMB 8.38 million in breeding risk protection, and RMB 5 million in live pig collateral loans.

#### Assisting Shigatse Everest City Investment to issue two tranches of rural revitalization corporate bonds

Shigatse Everest City Investment Development Group Co., Ltd. (referred to as Shigatse Everest City Investment) is registered in Sangzhuzi District, Shigatse City, Xizang. Despite being officially lifted out of poverty in December 2018, Sangzhuzi District still had quite limited financing capacity. In February and June 2022, CSC completed two tranches of rural revitalization corporate bond issuances for Shigatse Everest City Investment as an independent lead underwriter, with a total issue size of RMB 1 billion.

The capital raised from the bond issuances would be used to repay interest-bearing debt of Shigatse Everest City Investment. The projects under this investment are oriented towards infrastructure and convenience facilities construction. By consolidating the results of poverty alleviation, these projects aim to lay the groundwork for the rural revitalization agenda.



# Key Quantitative Performance Indicators

## Economic Performance Indicators

Indicator	Unit	2020	2021	2022
Total assets	RMB 100 million	3,712.28	4,527.91	5,099.55
Operating income	RMB 100 million	233.51	298.72	275.65
Basic earnings per share	RMB	1.20	1.25	0.86
Social contribution per share	RMB	3.15	3.51	3.10

Note: Social contribution per share = basic earnings per share + (taxes generated for the country during the year + salaries paid to employees + interests on borrowings paid to banks and other creditors + outbound donations and other value created for other stakeholders - other social costs due to environmental pollution, etc.)/total number of shares of the Company.

## Corporate Governance Performance Indicators

Indicator	Unit	2020	2021	2022
Number of directors	person	12	14	14
Number of executive directors	person	2	2	2
Number of non-executive directors	person	5	7	7
Number of independent non-executive directors	person	5	5	5
Number of male directors	person	9	10	10
Number of female directors	person	3	4	4
Number of directors aged between 30 and 40	person	1	2	1
Number of directors aged between 41 and 50	person	4	2	5
Number of directors aged over 50	person	7	10	8
Number of supervisors	person	4	5	5
Number of employee supervisors	person	2	2	2
Number of male supervisors	person	1	2	3
Number of female supervisors	person	3	3	2
Number of supervisors aged between 30 and 40	person	0	0	0
Number of supervisors aged between 41 and 50	person	3	3	2
Number of supervisors aged over 50	person	1	2	3
Number of shareholders' meetings	time	7	5	3
Number of board meetings	time	12	10	9
Number of meetings of the Supervisory Board	time	5	7	7
Number of meetings of special committees under the Board	time	13	16	17
Average attendance of board meetings	%	100	100	100

## Environmental Performance Indicators

Indicator	Unit	2020	2021	2022
<b>Energy consumption</b>				
Direct energy consumption				
Gasoline consumption	liter	135,358.22	118,026.64	94,027.16
Natural gas consumption	m <sup>3</sup>	25,372	24,372	30,272.41
Indirect energy consumption				
Total electricity consumption	kWh	7,286,198.66	7,277,157.61	17,407,021.01
<b>Water consumption</b>				
Total water consumption	ton	31,768.75	23,041.80	73,582.38
Water consumption per unit area	ton/m <sup>2</sup>	0.37	0.27	0.33
<b>Packaging consumption</b>				
Volume of packaging materials	ton	1.8	1.7	1.80

Indicator	Unit	2021	2022
<b>Emissions</b>			
Total GHG emissions (Scope 1 and Scope 2)	tCO <sub>2</sub> e	4,620.23	10,244.02
GHG emissions (Scope 1)	tCO <sub>2</sub> e	371.10	316.80
GHG emissions (Scope 2)	tCO <sub>2</sub> e	4,249.13	9,927.22
GHG emissions per unit area (Scope 1 and Scope 2)	tCO <sub>2</sub> e /m <sup>2</sup>	0.054	0.046
Total amount of waste generated	ton	331.26	435.82
Total amount of non-hazardous waste	ton	233.20	394.01
Total amount of hazardous waste	ton	98.06	41.81
Total NO <sub>x</sub> emissions	ton	0.04	0.055
Total CO emissions	ton	0.77	0.76
Total HC emissions	ton	0.09	0.04
Particulate matter	ton	0.01	0.005

Note 1: [Statistical scope]The figures of energy consumption, water resource utilization, and emission-related indicators for 2020 and 2021 included the parent company (headquarters and branches' headquarters) as well as its subsidiaries China Securities Futures, China Securities Capital, China Securities International, China Securities Funds, China Securities Investment. The scope for 2022 has been expanded to also include the subordinate offices of branches of the parent company.The water consumption recorded in the Company's 2022 accounting and statistics is from municipal water supply (tap water).

Note 2: [Statistical scope] The figure for packaging-related indicators is the headquarters of the parent company, covering packaging materials such as envelopes and paper bags.

Note 3: GHG emissions (Scope 1) include the direct GHG emissions from natural gas consumption and self-owned vehicle gasoline consumption. GHG emissions (Scope 1) for 2022 is calculated in accordance with the Hong Kong Stock Exchange guidance document How to Prepare Environmental, Social and Governance Report Appendix II: Guidelines for Reporting Environmental Key Performance Indicators (March 25, 2022),Guidelines on enterprises greenhouse gas emissions accounting and reporting -Power generation facilities (2022) by Ministry of Ecology and Environment of the PRC and China Energy Statistical Yearbook 2021(2022) by National Bureau of Statistics. . GHG emissions (Scope 2) are the indirect greenhouse gas emissions generated by purchased electricity. The emission factor used for 2021, namely 0.5839 t CO<sub>2</sub>/MWh, was based on the national grid average emission factor provided in the *Guidelines on Enterprises GHG Emissions Accounting and Reporting for Power Generation Facilities (2021 Revision)* issued by the Ministry of Ecology and Environment. In 2022, the emission factor has been taken from the national grid emission factor of 0.5703 tCO<sub>2</sub>/MWh specified in the *Notice on the Management of Greenhouse Gas Emissions Reporting of Power Generation Enterprises for 2023-2025* issued by the Ministry of Ecology and Environment.

Note 4: The main sources of the Company's air pollutants are the exhaust emissions from its business vehicles. The emissions of four major air pollutants, namely nitrogen oxides (NO<sub>x</sub>), carbon monoxide (CO), hydrocarbons (HC), and particulate matter (including PM2.5 and PM10), are disclosed in this report. Since sulfur dioxide (SO<sub>2</sub>) emission was less than 0.01 tonnes in 2022, it is not disclosed in this report. The calculation of air pollutants has been mainly based on the *Technical Guidelines for the Compilation of Atmospheric Pollutant Emission Inventory of Road Motor Vehicles* issued by the Ministry of Environmental Protection of the People's Republic of China.

Note 5: Non-hazardous waste includes paper, plastic, metal, household waste disposal, etc.; hazardous waste includes toner cartridges, ink cartridges, batteries, printers, etc.

Note 6: The expansion of the statistical scope accounts for the marked increase in the consumption of natural gas, purchased electricity, and water and GHG emissions (Scope 2). The gasoline consumption from self-owned business vehicle has decreased significantly as a result of working-from-home arrangements in 2022.

## Social Performance Indicators

### Customer Service Performance Indicators

Indicator	Unit	2020	2021	2022
Number of customer inquiries <sup>1</sup>	case	3,175,000	4,360,000	4,725,000
Number of complaints received about products or services	case	203	83	107
Complaint resolution rate	%	100	100	100
Customer satisfaction rate	%	99	99	99

Note 1: The number of customer inquiries is based on data collected from the online platform Uwen.

Note 2: The statistical scope of the data is the same as that of the consolidated financial statements.

### Supplier Performance Indicators

Indicator	Unit	2020	2021	2022
Coverage of supplier audit	%	100	100	100
Number of suppliers	supplier	515	465	483
Number of suppliers from the mainland of China	supplier	510	460	478
Number of suppliers from Hong Kong, Macau, Taiwan, and overseas	supplier	5	5	5
Proportion of new suppliers signing the Qualified Supplier Pledge	%	100	100	100

Note: The data pertains to the parent company of CSC and has been approved by the Procurement Management Department. It excludes branches and subsidiaries.

### Employment Performance Indicators

Indicator	Unit	2020	2021	2022
Total number of employees (full-time)	person	9,994	11,778	14,147
By gender	Male	5,757	6,807	8,031
	Female	4,237	4,971	6,116
By age group	>50	500	570	640
	Between 30 and 50	5,966	6,839	7,733
	<30	3,528	4,369	5,774
By geographical region	Mainland of China	9,821	11,572	13,906
	Hong Kong	173	206	241
By employee type	Non-management employees	9,863	11,652	14,017
	Middle managers	114	109	114
	Senior managers	17	17	16

Indicator		Unit	2020	2021	2022
Employee turnover rate <sup>1</sup>		%	9.78	9.49	8.17
By gender	Male	%	10.87	10.06	8.46
	Female	%	8.31	8.69	7.79
By age group	>50	%	-	13.50	11.04
	Between 30 and 50	%	7.62	7.25	6.40
	<30	%	13.90	12.51	10.30
By geographical region	Mainland of China	%	9.34	9.13	7.92
	Hong Kong	%	27.91	25.36	21.99
Number of male employees in management positions.		person	104	110	111
Number of female employees in management positions.		person	27	16	19
Number of new male employees		person	975	1,590	1,846
Number of new female employees		person	503	954	1,531
Number of new campus hires		person	631	807	2,055
Number of ethnic minority employees		person	447	527	656

Note 1: Employee turnover rate is calculated based on employees under labor contracts.

Note 2: The statistical scope of the data is the same as that of the consolidated financial statements.

### Employee Rights Performance Indicators

Indicator	Unit	2020	2021	2022
Labor contract signing rate	%	100	100	100
Social insurance coverage rate	%	100	100	100
Total number of labor discrimination incidents	case	0	0	0
Work-related fatalities	person	0	0	0
Working days lost due to work-related injuries	day	0	125	0
Employee medical examination coverage rate	%	100	100	100
Employee occupational disease incidence rate	%	0	0	0

Note: The statistical scope of the data is the same as that of the consolidated financial statements.

## Employee Training Performance Indicators

Indicator		Unit	2020	2021	2022
Total expense of employee training		RMB 10,000	729.8	1,131	1,300
Employee training attendance		person-time	—	—	107,895
Coverage of employee training		%	86.5	90	87.45
By gender	Male	%	87	90.2	89.08
	Female	%	85	89.7	85.38
By employee category	Ordinary employees	%	87.1	93.5	86.63
	Medium management	%	80	86.5	100
	Senior management	%	100	100	100
Average training hours per employee		hour	47	45.2	45.83
By gender	Male	hour	46.9	44.8	48.44
	Female	hour	47.3	46.6	42.40
By employee category	Ordinary employees	hour	48.5	49.2	42.98
	Medium management	hour	41.4	40.6	333.40
	Senior management	hour	42	40	179.57
Proportion of employees who receive regular performance and career development evaluations		%	100	100	100

Note: The statistical scope of the data is the same as that of the consolidated financial statements.

## Social Contribution Performance Indicators

Indicator		Unit	2020	2021	2022
Total charitable giving		RMB 10,000	2,996.57	2,499.94	2,498.77
To rural revitalization		RMB 10,000	1,944.08	1,199.94	1,966.04
To donations		RMB 10,000	1,052.49	1,200	532.73
To education		RMB 10,000	—	100	—
Number of employee participations in volunteering		person-time	—	—	2,097
Hours contributed to volunteering by employees		hour	—	—	7,391

Note: The statistical scope of the data is the same as that of the consolidated financial statements.

# Reporting Guidelines Index

## *SSE Self-regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 1. – Standard Operation*

Disclosure Advice	Sections
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8.3	ESG Strategy and Management
8.4	CSC's 2022 CSR Highlights Key Quantitative Performance Indicators
8.5	Meet the Requirements
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8.12	Not Applicable
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8.14	3. Valuing Talent and Creating a Diverse and Inclusive Workplace
8.15	2.3 Investing in Fintech

## HKEX ESG Reporting Guides Index

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KPIA1.3	Key Quantitative Performance Indicators
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<b>Aspect A2: Use of Resources</b>	
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KPIA2.1	Key Quantitative Performance Indicators
KPIA2.2	Key Quantitative Performance Indicators
KPIA2.3	4.2 Endorsing Green Operations
KPIA2.4	4.2 Endorsing Green Operations
KPIA2.5	The Company's products are financial products which are not applicable for this indicator
<b>Aspect A3: The Environment and Natural Resources</b>	
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KPIA3.1	4.2 Endorsing Green Operations
<b>Aspect A4: Climate Change</b>	
General Disclosure A4	4.1 Responding to Climate Change
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<b>B. Social: Employment and Labour Practices</b>	
<b>Aspect B1: Employment</b>	
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KPIB2.1	Key Quantitative Performance Indicators
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Subject Areas, Aspects, General Disclosures and KPIs	Sections
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KPIB3.1	Key Quantitative Performance Indicators
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<b>Aspect B6: Product Responsibility</b>	
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KPI B6.1	The Company's products are financial products which are not applicable for this indicator
KPI B6.2	2.2 Optimizing Customer Service
KPI B6.3	1.2 Ensuring Operational Compliance
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KPI B6.5	2.1 Safeguarding Customer Rights
<b>Aspect B7: Anti-corruption</b>	
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## GRI Content Index

Statement of use	CSC has prepared this report with reference to the GRI Standards, covering the period between January 1 and December 31, 2022.	
GRI 1 used	GRI 1: Foundation 2021	
GRI Standards	Disclosure	Sections
GRI 2: General Disclosures 2021	2-1	About CSC
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	2-26	ESG Strategy and Management
	2-27	1.2 Ensuring Operational Compliance 4.2 Endorsing Green Operations
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GRI 3: Material Issues 2021	3-1	ESG Strategy and Management
	3-2	ESG Strategy and Management
	3-3	ESG Strategy and Management
GRI 201: Economic Performance 2016	201-1	CSC's 2022 CSR Highlights Key Quantitative Performance Indicators
	201-2	4.1 Responding to Climate Change
GRI 203: Indirect Economic Impacts 2016	203-1	Feature 1: Serving National Strategies and Writing a New Chapter of High-Quality Development Together Feature 2: Embracing ESG Principles and Conducting Sustainable Finance 4.3 Supporting Charitable Causes
GRI 205: Anti-corruption 2016	205-1	1.4 Upholding Business Ethics
	205-2	1.4 Upholding Business Ethics
	205-3	1.4 Upholding Business Ethics
GRI 302: Energy 2016	302-1	Key Quantitative Performance Indicators
	302-2	Key Quantitative Performance Indicators
	302-3	Key Quantitative Performance Indicators
	302-4	4.2 Endorsing Green Operations Key Quantitative Performance Indicators

GRI Standards	Disclosure	Sections
GRI 303: Water and Effluents 2018	303-3	4.2 Endorsing Green Operations
	303-5	Key Quantitative Performance Indicators
GRI 305: Emissions 2016	305-1	Key Quantitative Performance Indicators
	305-2	Key Quantitative Performance Indicators
	305-3	Key Quantitative Performance Indicators
	305-4	Key Quantitative Performance Indicators
	306-1	Key Quantitative Performance Indicators
GRI 306: Effluents and Waste 2016	306-2	Key Quantitative Performance Indicators
	306-3	Key Quantitative Performance Indicators
	308-1	4.2 Endorsing Green Operations
GRI 308: Supplier Environmental Assessment 2016	308-2	4.2 Endorsing Green Operations
	401-1	Key Quantitative Performance Indicators
GRI 401: Employment 2016	401-2	3.1 Safeguarding Employee Rights
	403-1	3.3 Creating a Dynamic Workplace
GRI 403: Occupational Health and Safety 2018	403-3	3.3 Creating a Dynamic Workplace
	403-4	3.3 Creating a Dynamic Workplace
	403-5	3.3 Creating a Dynamic Workplace
	403-6	3.3 Creating a Dynamic Workplace
	403-7	3.3 Creating a Dynamic Workplace
	403-8	3.3 Creating a Dynamic Workplace
	403-9	Key Quantitative Performance Indicators
	404-1	Key Quantitative Performance Indicators
GRI 404: Training and Education 2016	404-2	3.2 Fostering Talent Development Key Quantitative Performance Indicators
	404-3	Key Quantitative Performance Indicators
GRI 405: Diversity and Equal Opportunity 2016	405-1	1.1 Optimizing Corporate Governance
		3.1 Safeguarding Employee Rights
		Key Quantitative Performance Indicators
GRI 406: Non-discrimination 2016	406-1	3.1 Safeguarding Employee Rights
GRI 408: Child Labor 2016	408-1	3.1 Safeguarding Employee Rights
GRI 409: Forced or Compulsory Labor 2016	409-1	3.1 Safeguarding Employee Rights
GRI 413: Local Communities 2016	413-1	4.3 Supporting Charitable Causes
	413-2	4.3 Supporting Charitable Causes
GRI 414: Supplier Social Assessment 2016	414-1	4.2 Endorsing Green Operations
	414-2	4.2 Endorsing Green Operations
GRI 417: Marketing and Labeling 2016	417-1	1.2 Ensuring Operational Compliance
	417-2	1.2 Ensuring Operational Compliance
	417-3	1.2 Ensuring Operational Compliance
GRI 418: Customer Privacy 2016	418-1	2.1 Safeguarding Customer Rights

# Definition

Unless otherwise specified by the context, the following terms in this report have the meanings set forth below:

Definition of frequently used terms	
CSC, the Company	CSC Financial Co., Ltd.
China Securities Futures	China Futures Co., Ltd., a wholly-owned subsidiary of the Company
China Securities Capital	China Capital Management Limited, a wholly-owned subsidiary of the Company
China Securities International	China Securities (International) Finance Holding Company Limited, a wholly-owned subsidiary of the Company
China Securities Funds	China Securities Funds Management Limited, a wholly-owned subsidiary of the Company
China Securities Investment	China Securities Investment Limited, a wholly-owned subsidiary of the Company
CSRC	China Securities Regulatory Commission
Shareholders' meetings	Shareholders' meetings of the Company
Board or Board of Directors	Board of Directors of the Company
Supervisory Board	Supervisory Board of the Company
SZSE	Shenzhen Stock Exchange
SSE	Shanghai Stock Exchange
BSE	Beijing Stock Exchange
SEHK	Stock Exchange of Hong Kong
GSSB	Global Sustainability Standards Board
GRI Standards	The revised <i>GRI Universal Standards</i> released by the GSSB in October 2021
IPO	Initial Public Offering
A Share(s)	Listed domestic shares in the share capital of the Company with a nominal value of RMB1.00 each, listed and traded on the Shanghai Stock Exchange
H Share(s)	Listed ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, listed on the Stock Exchange of Hong Kong and traded in HK dollars
NEEQ	National Equities Exchange and Quotations
SSE STAR	Shanghai Stock Exchange Science and Technology Innovation Board
Main board	Mainboard of SSE and SZSE
ChiNext	ChiNext Board of the Shenzhen Stock Exchange
RMB	The official currency of the People's Republic of China
HKD	The official currency of the Hong Kong Special Administrative Region
USD	The official currency of the United States
Reporting period	January 1, 2022 to December 31, 2022

# About this Report

This is the seventh Social Responsibility & Environmental, Social and Governance (ESG) report published by CSC Financial Co., Ltd. The report presents the specific measures, important practices, highlights, and key performance indicators of CSC on material economic, social, and environmental issues in 2022 to the various stakeholders.

## Reporting Scope

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

Reporting period: January 1, 2022 to December 31, 2022

Reporting cycle: This report is an annual report, and the previous report was released in March 2022.

## Reporting Guidelines

This report has been prepared in accordance with the *SSE Self-regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 1. – Standard Operation*, the *HKEX ESG Reporting Guide* while referencing the *CSRC Guidelines on the Content and Format of Information Disclosure by Companies Issuing Public Securities No.2: Content and Format of Annual Reports (Revised 2021)* and the *GSSB GRI Standard*.

## Content and Data

The content and data disclosed in this report are primarily derived from the original records or official reports of CSC and its subsidiaries. The financial data in this report are in Chinese *yuan* (RMB) unless otherwise specified. In case of any discrepancies, the financial report shall prevail.

## Reporting Principles

This report has been prepared following the reporting principles outlined in the *HKEX ESG Reporting Guide*. The specific application of the principles is as follows:

- Materiality: This report uses a process of identification, communication, and analysis to determine the material issues to be prioritized herein.
- Quantitative: This report discloses the Company's KPIs and includes an explanation of their meaning, calculation basis, and formula.
- Balance: This report presents objective facts and includes disclosure of both positive and negative indicators.
- Consistency: This report provides a clear explanation of the statistical methods and scope of the quantitative KPIs disclosed, striving to maintain consistency in the indicators and calculation methods across different reporting periods, to allow for comparisons of performance over time.

## Report Version and Access

- Report Version: This report is available in Simplified Chinese, Traditional Chinese, and English. In case of any discrepancies, the Simplified Chinese version shall prevail.
- Report Access: This report is available in PDF format on the following websites:  
Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn))  
Hong Kong Exchanges and Clearing market website ([www.hkexnews.hk](http://www.hkexnews.hk))  
Company website ([www.csc108.com](http://www.csc108.com))

## Reader Feedback

If you have any comments or suggestions regarding the content of this report or the Company's performance in social responsibility and ESG management, please feel free to provide them through the following channels:

Phone: 010-65608107

Email: [601066@csc.com.cn](mailto:601066@csc.com.cn)



**中信建投証券股份有限公司**  
**CSC FINANCIAL CO., LTD.**

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

Address: No.188, Chaoyangmennei Street, Dongcheng District, Beijing

Postal code: 100010

Nationwide customer service hotline: 95587 4008888108

Phone: 86-10-85130588

Fax: 86-10-65186588

[www.csc108.com](http://www.csc108.com)