

2023

2023 Corporate Social Responsibility and  
Environmental, Social and Governance Report

| Serve Our Country through Finance Put Customers First |



CHINA GALAXY SECURITIES CO., LTD.  
**2023 Social Responsibility and  
Environmental, Social and Governance Report**

## About this Report

This report is the seventh Corporate Social Responsibility (CSR) and Environmental, Social and Governance (ESG) Report ( "the Report") released by China Galaxy Securities Co., Ltd. It presents the specific measures, major practices, highlight cases and key performance of the Company in the management of substantive ESG topics in 2023 to stakeholders.

### ➤ Scope of the report

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

**Time span:** From January 1, 2023 to December 31, 2023. Part of the contents may exceed the above-mentioned time span.

**Release cycle:** This is an annual report. The release time of the last report is in March 2023.

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

### ➤ Preparation guidelines of the report

This report has been prepared in accordance with the *Self-regulatory Guidelines of Listed Companies of the Shanghai Stock Exchange No. 1- Compliant Operation* (revised in December 2023) and Appendix C2 *Environmental, Social and Governance Reporting Guide of the Listing Rules* of the Hong Kong Stock Exchange (effective from December 31, 2023), with reference to the *Sustainability Reporting Standards* of Global Reporting Initiative ("GRI").

### ➤ Preparation principles of the report

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

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

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

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

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

### ➤ Data in the report

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

### ➤ Acknowledgment and approval

This report was considered and approved by the Board of Directors on 28 March, 2024.

### ➤ Third party assurance

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

### ➤ Publication form of the report

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



## Contents

01	About This Report
04	ESG Statement from the Board
06	Chairman's Statement
07	CEO's Statement
08	Responsibility Highlights 2023
10	About Us
14	Strengthening ESG Management of CGS
22	<b>Feature 1:</b> Keeping Pace with the Times and Taking on the Mission of Serving China's Building into A Financial Power
28	<b>Feature 2:</b> Forestalling Risks and Empowering Development through Digital and Intelligent Transition

## 34

### PAINTING THE PICTURE OF GREEN DEVELOPMENT: ACCELERATING CGS ACTIONS

Addressing Climate Change	36
Developing Green Finance	40
Promoting Green Operation	45



## 48

### STICKING TO ORIGINAL ASPIRATION: IMPROVING CGS SERVICES

Safeguarding Customers' Rights and Interests	50
Spreading Financial Knowledge	53



## 56

### ADHERING TO DIVERSITY, EQUALITY AND INCLUSION: CREATING A SOUND WORKING ENVIRONMENT

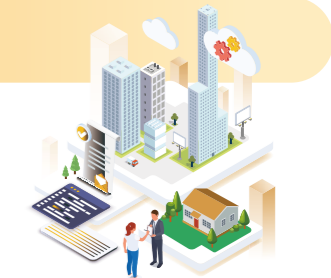
Safeguarding Employees' Rights and Interests	58
Empowering Talent Development	60
Caring Employees	62



## 64

### FULFILLING FINANCIAL RESPONSIBILITIES: SENDING CGS WARMTH

Promoting Financial Inclusion	66
Promoting Rural Revitalization	68
Contributing to Public Undertakings	70



## 72

### LAYING A SOLID FOUNDATION FOR ENTERPRISE DEVELOPMENT: STRENGTHENING CSG GOVERNANCE

Guiding Corporate Governance through Party Building	74
Strengthening Culture Building	76
Improving Corporate Governance	78
Comprehensive Risk Management	80
Prudent and Compliant Operation	82



88	ESG Performance Data
93	Report Index
98	Third Party Assurance Report

## ESG Statement from the Board



The year 2023 was the first year of the new round of strategic development planning of China Galaxy Securities. With high-quality development as the main theme, the Company formulated and released the *2023-2025 Strategic Development Plan*, incorporated the ESG concept into the long-term business development strategy of the Company, integrated ESG factors in all aspects of corporate management and business operation, and promoted efficient and solid implementation of ESG work.



### Strengthening ESG management and refining the governance structure

The Board of Directors of the Company reviewed and approved a number of ESG proposals and issues on corporate governance, information disclosure, etc., inspected the progress and disclosure of the four environmental targets, and fully fulfilled the responsibilities of reviewing, making decisions for and overseeing ESG related issues. The ESG working group coordinated communication with internal and external stakeholders, identified and assessed material issues of the year, and ranked them in order of importance, which were finally reviewed and confirmed by the Board of Directors.



### Responding to climate-related risks and innovating in green development

Based on *International Financial Reporting Standards S2 Climate-related Disclosures* ("IFRS S2") framework of the International Sustainability Standards Board ("ISSB"), the Company deeply identified and analyzed risks and opportunities relating to its own operation and business due to climate change, and it managed climate-related risks and opportunities in business implementation and operation by conducting ESG due diligence, developing innovative green financial products, promoting green operation, etc.



### Practicing the philosophy of "financial service for the people" and fulfilling social responsibilities

The Company firmly practiced the people-centric nature of financial work, took on the responsibilities and missions as a member of the "national financial team", actively served national strategies, took solid steps to protect investors' interests, and put forth effort to serve the real economy. Meanwhile, within the Company, the Company implemented the "people-centric" development philosophy, fully protected employees' rights and interests, supported employees' development, and built an inclusive work environment that provides employees with equal access to opportunities. Externally, the Company continued to support rural revitalization through "insurance + futures" and delivered "CGS warmth" in financial literacy promotion, charity, etc.



"The sun by day, the moon by night Appear to rise up from the deep. The Milky Way with stars so bright Sinks down into the sea in sleep." In 2024, China Galaxy Securities will continue to follow the general principle of pursuing progress while ensuring stability, promoting stability through progress and establishing the new before abolishing the old. We will actively apply the sustainable development philosophy, keep improving ESG management and practice, accelerate development, and work to build CGS into a respected first-rate investment bank and contribute our bit with the high-quality development of the Company to the grand goal of building China into a financial power.'



## Chairman's Statement

The year 2023 was the starting year for the comprehensive implementation of the 20th National Congress of the Communist Party of China, a critical year for laying a solid foundation for the building of a modern socialist country in all respects, and also the first year of the implementation of the new strategic plan of China Galaxy Securities Co., Ltd. The Company strove in unity, overcame difficulties and forged ahead with determination. Closely centering around the themed education of studying and implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the general principles of the 20th National Congress of the CPC, the Company firmly strengthened the comprehensive leadership of the Party and Party building, fulfilled responsibility in Party self-governance, and used high-quality Party building to guide and ensure the high-quality development of the Company.

In the year, with a deep understanding of the general requirements of "learning thoughts, strengthening Party spirit, valuing practices and making new achievements", the Company conducted the themed education with high standard and high quality. Being problem-oriented, the Company implemented, with a higher political stance and high political consciousness, remediation of problems identified in the "follow-up re-examination" of the central inspection team and of those identified in the audits by the National Audit Office, which enhanced the atmosphere of full and rigorous Party self-governance. The Company creatively launched the "Party Group+" Party building brand, built innovation demonstration projects, and forged a high-quality Party member team. Through those efforts, the political, thinking and practical abilities of all cadres and employees were strengthened, the political ecosystem of the Company maintained sound, and the background of CGS as a state-owned financial enterprise was further polished and became brighter.

In the year, the Company actively practiced the philosophy of "serving our country through finance and putting customers first", deeply integrated the Company's development with national strategies, and put forth effort to develop technology finance, green finance, inclusive finance, pension finance and digital finance. The Company took solid steps to fulfill its political responsibility of forestalling and defusing financial risks, strengthened corporate culture building, and continued to stimulate the vitality of talent. The Company effectively played its role as a main force serving the real economy and a ballast stone maintaining financial stability. The strategic core logo and key concepts of the Company were deeply rooted among the people, its strategy-led development capability was further strengthened, and the strategic plan of building a "five-roles-in-one" business model and establishing "three-in-one" institutional mechanism were advanced in an orderly manner.

It is an arduous task and the road is long. The year 2024 marks the 75th anniversary of the founding of the People's Republic of China. It is the starting year for the implementation of the grand goal of working faster to build China into a financial power proposed by the CPC Central Committee and is also a critical year for the execution of the Company's new round of strategic planning. The staff of China Galaxy Securities will adhere to the Company's main responsibility and main business, keep in mind the top priorities of the country, and stick to and strengthen the comprehensive leadership of the Party. We will actively serve national strategies, deeply implement our strategic planning, strengthen our professionalism in main business and core competitiveness, and continue to enhance risk control and compliance control. We will spare no effort to push for the building of a first-rate investment bank and strive for outstanding performance to greet the 75th anniversary of the founding of the People's Republic of China.

Wang Sheng  
China Galaxy Securities Co., Ltd.  
Secretary of the Party Committee and Chairman



## CEO's Statement

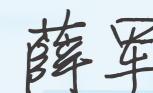
In 2023, facing the challenging business environment, China Galaxy Securities firmly advanced the implementation of the new strategic planning of building a "five-roles-in-one" business model and establishing "three-in-one" institutional mechanism, deepened reforms in key areas, and strengthened risk control in all respects. As a result, the Company's business performance maintained stable and the implementation of the strategy had a stable start. The operating income of the Company throughout the year recorded RMB33,644 million, net profit RMB7,884 million, total assets more than RMB663,205 million, and net assets more than RMB130 billion.

In the year, the Company continued to serve the needs of the country and strengthened technology finance innovation and planning capabilities. It successfully held the New Energy Forum, established the new energy service and communication platform, launched the first financial product in China that deals with the EU's carbon tariff in China, and created the "investment banking + market making + risk management" business model to assist in the green financial development of the Guangdong-Hong Kong-Macao Greater Bay Area and shine the green development background. The Company also initiated the "third-party pledge financing + value preservation" model, continued to upgrade the "Jingning Model", intensified development and supply of inclusive finance products, and expanded the depth and breadth of inclusive finance services. Meanwhile, it deepened the services for the Social Security Fund of China, empowering the pension system to serve the elderly. It rolled out the plan for the pilot project of innovation in e-CNY application scenarios in the securities industry, launched the function of using e-CNY to invest in over-the-counter wealth management products, and introduced digital finance. Moreover, the Company completed acquisition of 100% shares of the Southeast Asian subsidiary CGS-CIMB Securities International Pte. Ltd., and held the CGS China-ASEAN Business Leaders Summit in Singapore to serve high-standard opening up and continue to expand the Company's influence overseas.

In the year, the Company made strengthening corporate management an important supporting measure to ensure high-quality development, promoted the reform of "three-in-one" institutional mechanism, and strengthened comprehensive synergy. Upholding risk control as the foundation and compliance first, the Company stepped up efforts in the building of the internal control system and effectively forestalled and defused risks. It refined the talent team structure, took a combination of measures to improve employees' career path, motivate specialized personnel to do better, and enhance the satisfaction and sense of fulfillment of cadres and staff. It adhered to the cooperation philosophy of "integrating ecosystems and working together for win-win results", and based on customers' comprehensive demand, linked the full service chain. It provided assistance to designated counties, continued to support rural revitalization, and consolidated the achievements in poverty alleviation.

The new era has entrusted us with new missions and the new journey calls on us to take on new responsibilities. In 2024, we will continue to stay true to the general principle of pursuing progress while ensuring stability, fully and faithfully apply the new development philosophy on all fronts, stay confident in strategies, and promote in depth the established strategic layout. We will strengthen ESG management, ensure no systemic risks will arise, and forge ahead persistently step by step. We will put forth effort to promote high-quality, sustainable development, strive to achieve new steps in the building of a first-rate investment bank, and make greater contributions to the building of China into a financial power for a new era.

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



# Responsibility Highlights 2023



**Second Prize and Third Prize of FinTech Development Award**  
The People's Bank of China, China Securities Regulatory Commission

- The "Publicly Offered REITs Knowledge Introduction Series" investor education product won "Popular Investor Education Product" of the year  
China Securities Regulatory Commission
- Rated "Excellent" in the 2022-2023 annual evaluation of national-level internet investor education bases  
China Securities Regulatory Commission
- Awarded AA of Class A, the highest rating, in the evaluation of culture building practices of securities companies  
Securities Association of China
- Awarded A in the 2023 comprehensive evaluation of market makers of fund market making business and market making business on the Science and Technology Innovation Board  
Shanghai Stock Exchange, Shenzhen Stock Exchange
- 2023 Outstanding ETF Marketing Institution 2023 Outstanding Options Broker" Awards  
Shenzhen Stock Exchange



▶ **Best Practice Case for Boards of Directors of Listed Companies**  
China Association for Public Companies

- Awarded A in the 2023 annual information disclosure evaluation  
Shanghai Stock Exchange
- Excellent Project of "Go to Enterprises to Serve the Real Economy"  
Shanghai Futures Exchange
- Awarded A in the annual comprehensive evaluation of clearing participants  
China Securities Depository and Clearing Corporation Limited
- Best Futures IB Securities firm  
*Futures Daily, Securities Times*

**2023 Excellent Performance Award for Securities Companies**  
*China Business Journal*

**Won 11 awards of the "Golden Bull Awards" for the Chinese securities industry in 2023**  
*China Securities Journal*

**Won five awards of the "2023 Jin Ding Awards"**  
*National Business Daily*

**2023 China Securities Industry Jun Ding Awards**  
*Securities Times*

**Best Contribution Award and Excellent Market Making Award of the 10th Anniversary of Listing of T-bonds and Futures; Leader Award of the 10th Anniversary of Listing of T-bonds and Futures**  
*China Financial Futures Exchange*

**CGS-CIMB won five awards including Best Broker in Southeast Asia, Best Institutional Broker in Singapore, Best Retail Broker in Malaysia, Best Institutional Broker in Indonesia, and Best Prime Broker in Thailand**  
*Alpha Southeast Asia*

**"Best Investment Institution of the Year" "Best REITs Liquidity Market Maker of the Year" Jincui Award**  
*The 7th China Real Estate Asset Securitization and REITs Summit Forum*

**Galaxy Futures won the 2022 China "Golden Great Wall Award" of Excellent Cases of Enterprise Risk Management**  
*Futures Daily*

**"Institution of Market Influence of the Year" and "Market Innovation Business Institution" of the interbank RMB market 2023**  
*National Interbank Lending Center*

**Institution Award and Expert Award of the "Jingui Awards" of the 8th CNABS Asset Securitization Conference**  
*China Securitization Forum (CSF)*

**2023 Excellent Data Application Innovation Team**  
*China Securities Credit Investment Co., Ltd.*

**2023 Excellent Survey Results Award for the financial ideological and political work and culture building of the national financial system**  
*China Research Institute for Financial Ideological and Political Work*

**Best Investment Institution of the Year**  
*The 8th Annual Conference of China Real Estate Securitization*

**Excellent Organization Award, Wealth Management Practice Award**  
*The 5th NewFortune Best Investment Adviser*

**Won five awards of the "2023 China Yinghua Awards of Asset Management for Securities firms"**  
*China Fund*

**Sustainable Development Risk Control Award**  
*The magazine Caijing*

**2023 Excellent Cross-border Investment Team Award**  
*Dealing Matrix Intl. (DMI) under CSCI Tech*

**Outstanding Wealth Management Award of the 12th Golden Wisdom Award**  
*JRJ.com*

**"Pioneer Award" for Excellent Cases**  
*Guangdong-Hong Kong-Macao Greater Bay Area Green Finance Alliance*



▶ **Best Securities Company of the Year of the "2023 The Gold Medal Award Ceremony of Chinese Financial Institutions - Gold Dragon Awards"**  
*Financial News*

▶ "The first financial product for the EU carbon tariff - contractual cross-border total return swap (TRS) for EU carbon emission rights futures" of CGS International Holdings won Innovation Award of the 4th IFF Global Green Finance Award and 2023 Top 10 Cases of Green Development.  
*International Finance Forum, BJNEWS*



## About Us



### Company Profile

China Galaxy Securities Co., Ltd. is a leading integrated service provider in the Chinese securities industry. With unique history, brand and shareholder advantages, an extensive business network within the industry, a large customer base and comprehensive business strength, the Company provides all-round, multi-level, professional and efficient comprehensive financial services to governments, corporations, institutions and individuals.

Since its founding, the Company has maintained strong comprehensive competitive power and has always been among the top players in the industry in terms of capital scale, profitability, business strength and risk management capability. The Company got listed on the Hong Kong Stock Exchange (Stock Code: 6881.HK) on May 22, 2013, and was listed on the Main Board of the Shanghai Stock Exchange (Stock Code: 601881.SH) on January 23, 2017.

Always focusing on the implementation of national strategies, the Company has supported the development of the real economy and fulfilled corporate social responsibilities. Charged with the mission of realizing dynamic integration of company value, shareholder return, employee benefit and social responsibility, the Company has made unremitting endeavor to meet the diverse financial needs of the people and the real economy and realize the sustainable development of itself and the industry. The Company is committed to becoming a respected modern investment bank.

#### Basic information of China Galaxy Securities

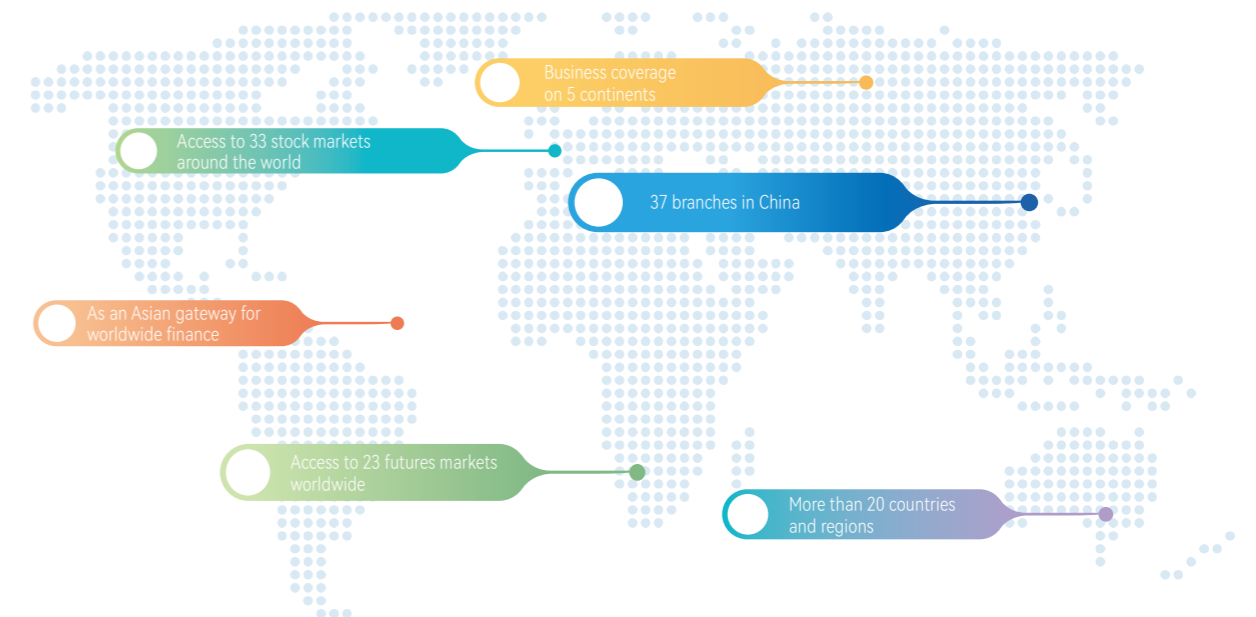
Chinese name	中国银河证券股份有限公司
English name	China Galaxy Securities Co., Ltd.
Registered capital	RMB10,137 million
Main business	Comprehensive financial services including wealth management, investment banking, investment management and international business
Major subsidiaries	Galaxy Futures, Galaxy Capital, CGS International Holdings, Galaxy Jinhui and Galaxy Yuanhui
Stock Code of A Shares	601881.SH
Stock Code of H Shares	06881.HK
Total assets	RMB663,205 million
Operating income	RMB33,644 million
Total number of employees	14,030

### Business Layout

China Galaxy Securities has presence in more than 20 countries and regions (including countries or regions involved through partnership) in the five continents and connects to 33 stock trading markets and 23 futures markets around the world.

The Company is a fully licensed securities company in China. Within the Chinese mainland, it has 37 branches, 469 business departments and five subsidiaries. It serves 15.50 million customers of and along "the Belt and Road" and it provides custody service for securities with a market value of RMB4 trillion.



As an Asian gateway for worldwide finance the Company's international business network has extended from Hong Kong, China to Singapore, Malaysia, Indonesia, Thailand, etc. and stays clear ahead in the Southeast Asian market: the Company's brokerage business captures a market share of more than 6% in the four core markets of Singapore, Malaysia, Indonesia and Thailand; its market ranking has maintained No. 1 in Singapore for many years straight and has maintained among top 3 in Malaysia for many years.



## Strategic Planning

In April 2023, the Company officially released the *2023-2025 Strategic Development Plan of China Galaxy Securities*. In the years from 2023 to 2025, the Company will adhere to the theme of high-quality development, build a "five-in-one" business model vertically, establish horizontal "three-in-one" institutional mechanism and complete the transition from a traditional securities firm to a modern investment bank. Meanwhile, the Company will continue to follow the market-based and international orientation, strive to become a comprehensive, versatile investment bank, and actively build itself into an "aircraft carrier-like" securities firm in China and a top investment bank in the world.

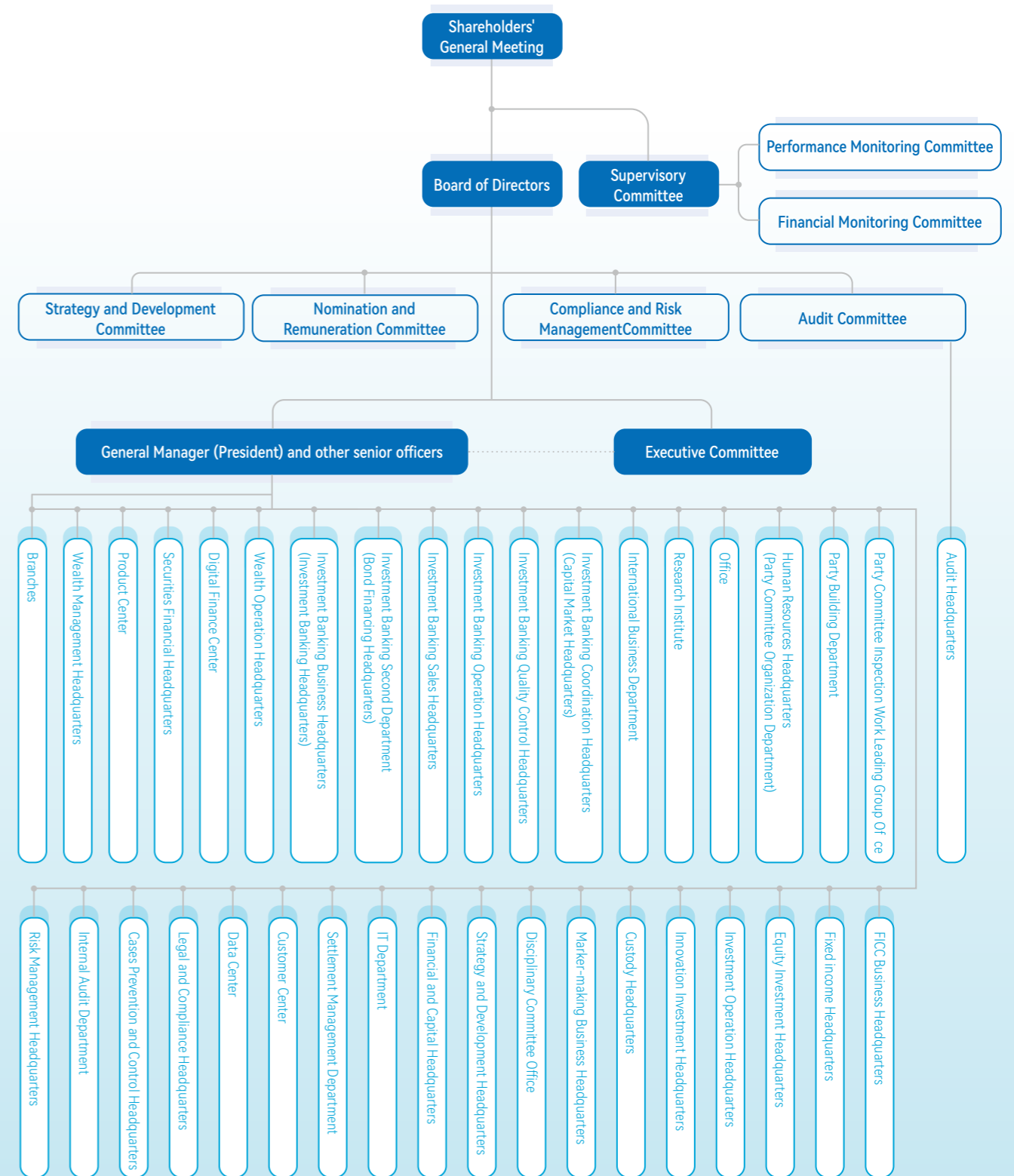
### Strategic goals:

-  To become a first-rate modern investment bank in China and an excellent one in the world by 2025.
-  To become a respected leading modern investment bank in China and a first-rate one in the world by 2030.



"Five-roles-in-one" business model and "three-in-one" institutional mechanism of China Galaxy Securities

## Organizational Structure







# Strengthening ESG management of CGS



## ESG philosophy

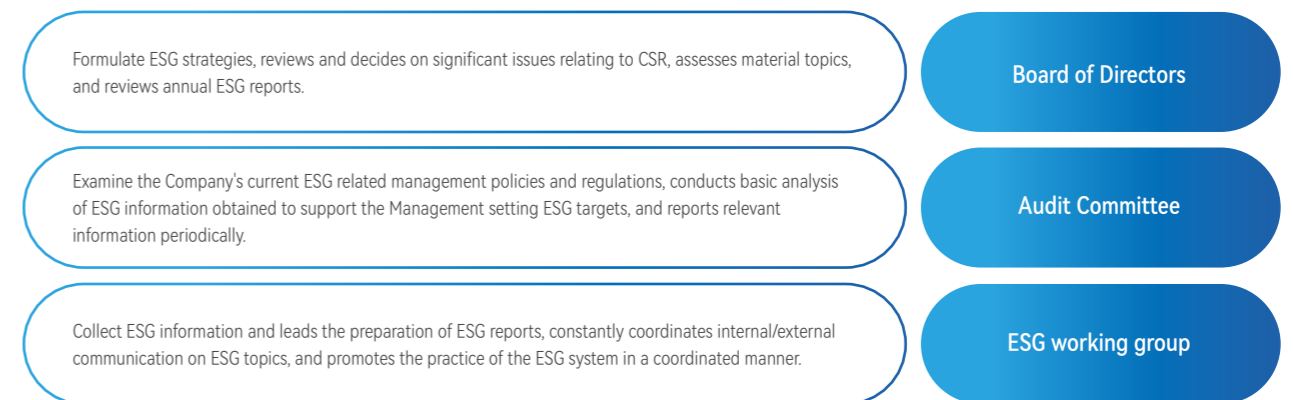
China Galaxy Securities upholds the core value of "Innovation, Compliance, Service, Collaboration". While creating wealth, it actively fulfills its responsibilities as a listed company, financial enterprise, corporate citizen and brand employer and works with stakeholders including employees, customers and communities to create sustainable value.



## ESG management

The Company has incorporated the ESG philosophy into operation and management and established top-down ESG management architecture to ensure systematic and effective ESG management of the Company. The Audit Committee of the Company assists in ESG oversight and management with the authorization of the Board of Directors. The Audit Committee has set up the ESG working group, which is headed by independent director, to be responsible for the implementation of specific ESG related work.

### ESG management architecture of China Galaxy Securities



Attaching great importance to ESG management and development, in 2023 the Board of Directors of the Company reviewed and approved a number of ESG proposals and issues on corporate governance, information disclosure, risk management, compliance operation, etc., and fully fulfilled its responsibilities of reviewing, making decisions for and overseeing ESG related issues.

### Main work of the ESG working group of China Galaxy Securities in 2023

- Held two ESG working group meetings in 2023;
- Identified the differences in ESG management and disclosure with the standards of the ISSB, formulated an improvement plan and pushed for its implementation;
- Cooperated and communicated with relevant departments to promote alignment of ESG work and business objectives and make sure ESG related work was included into the work plans of relevant departments;
- Continued to communicate with internal and external stakeholders to learn about the regulatory policy trends for the industry where the Company is in and the industry's development trends, summed up stakeholders' concerns, and reported to the Board of Directors periodically;
- Invited external experts to participate in the identification and analysis of material ESG topics of the Company in 2023;
- Guided the subsidiary CGS-CIMB<sup>1</sup> in submitting the first annual progress report to the United Nations Global Compact (UNGC) to disclose to the public CGS-CIMB's progress in implementing the UNGC Ten Principles, which cover human rights, labor standards, environment and anti-corruption, between June 2022 and June 2023.

Note: During the year 2023, Galaxy International accomplished full ownership of 100% stakes in both CGS-CIMB Securities International Private Limited ("CGS-CIMB Securities") and CGS-CIMB Holdings Private Limited ("CGS-CIMB Holdings"). In this Report, we refer to CGS-CIMB Securities and CGS-CIMB Holdings jointly as simply CGS-CIMB.

## Stakeholders communication

Based on business realities and its own management and operation characteristics and from the two dimensions of interests that are significantly affected by the Company's business activities and that have significant impact on the Company's business activities, the Company has identified six key stakeholders, namely, shareholders and creditors, government and regulatory authorities, customers, employees, suppliers and communities. And through the regular communication mechanism, the Company has learnt about the concerns of stakeholders and promptly responded to their requirements.



China Galaxy Securities' stakeholder management approach

## China Galaxy Securities' communication with and response to stakeholders

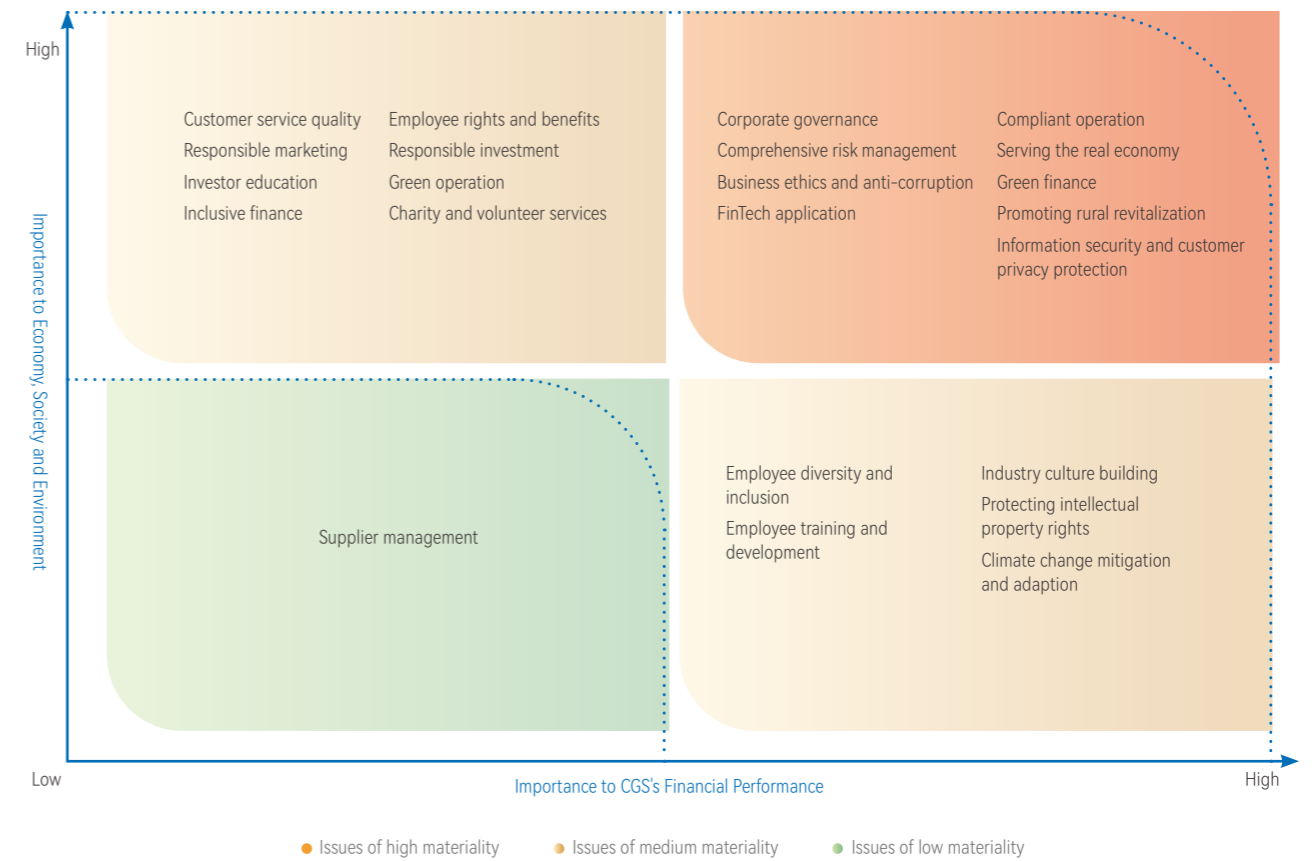
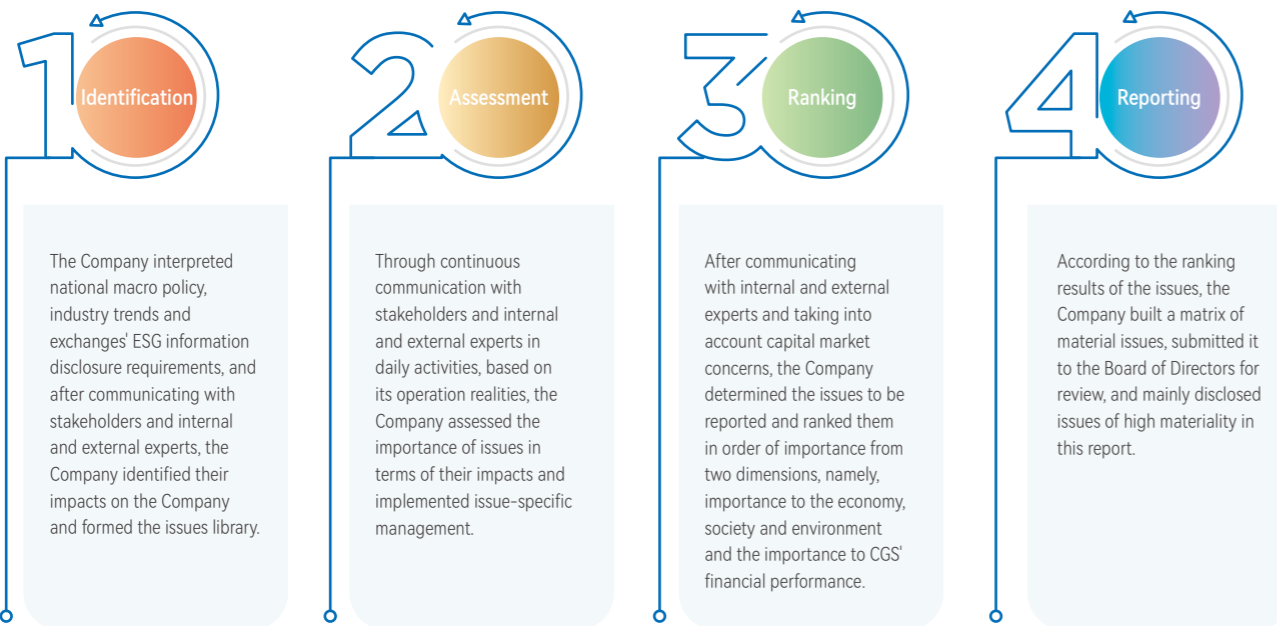
Key stakeholders	Topics of concern	Communication and response
Shareholders and creditors	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Comprehensive risk management</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders' general meeting</li> <li>Performance reports, financial reports, etc.</li> <li>Investors' meetings</li> <li>Performance presentations</li> <li>Company's website and Wechat public account</li> <li>Comprehensive risk management system</li> </ul>
Government and regulators	<ul style="list-style-type: none"> <li>Compliant operation</li> <li>Comprehensive risk management</li> <li>Business ethics and anti-corruption</li> <li>Green operation</li> <li>Green finance</li> <li>Industry culture building</li> <li>Protecting intellectual property rights</li> </ul>	<ul style="list-style-type: none"> <li>Cooperating in regulators' inspections</li> <li>Participating in the government's surveys</li> <li>Periodical information disclosure</li> <li>Periodical meetings and reporting</li> <li>Carrying out energy conservation and emission reduction activities</li> <li>Supporting the development of green industries</li> <li>Holding industry culture building activities</li> <li>Patent application and renewal</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Customer service quality</li> <li>Responsible marketing</li> <li>Information safety and customer privacy protection</li> <li>FinTech application</li> <li>Inclusive finance</li> <li>Serving the real economy</li> <li>Safeguarding investors' rights and interests</li> </ul>	<ul style="list-style-type: none"> <li>Customer consulting and complaints</li> <li>Customer satisfaction survey</li> <li>Conducting security certification and cybersecurity level protection testing via the app of China Galaxy Securities</li> <li>Building "online CGS" "intelligent CGS"</li> <li>Company's website and WeChat account</li> <li>Supporting the development of specialized and sophisticated enterprises that produce new and unique products and micro, small and medium-sized enterprises</li> <li>Investor education activities</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Employee diversity and inclusion</li> <li>Employee rights and benefits</li> <li>Employee training and development</li> </ul>	<ul style="list-style-type: none"> <li>Labor union and workers' congress</li> <li>Employee training system</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Business ethics and anti-corruption</li> <li>Supplier management</li> </ul>	<ul style="list-style-type: none"> <li>Strategic cooperation and communication</li> <li>Business communication</li> <li>Bidding and tendering activities</li> </ul>
Communities	<ul style="list-style-type: none"> <li>Responsible investment</li> <li>Charity and volunteer services</li> <li>Promoting rural revitalization</li> <li>Green operation</li> <li>Climate change mitigation and adaption</li> </ul>	<ul style="list-style-type: none"> <li>Practicing responsible investment principles</li> <li>Holding Party organization joint-building activities</li> <li>Community public service programs</li> <li>Volunteer activities</li> <li>Providing assistance</li> <li>Carrying out energy conservation and emission reduction activities</li> <li>Supporting the development of green industries</li> </ul>

## Materiality analysis

In 2023, based on daily communication with stakeholders, business and industry characteristics, policy research, analysis of industry trends and exchanges' information disclosure requirements, the Company identified and summed up 23 material issues and implemented issue-specific management.

Meanwhile, the Company assessed the importance of the material issues and ranked them in order of importance based on the concerns of internal and external stakeholders and the Management, and mainly disclosed issues of relatively high materiality in this report.

### China Galaxy Securities' materiality analysis process



China Galaxy Securities' matrix of material issues

### Major changes in material issues of China Galaxy Securities in 2023

Material issues in 2022	Material issues in 2023	Change	Reason for change
Risk management	Comprehensive risk management	Adjustment of representation	The Company optimized the representation based on the Company's realities and the representation of industry documents and relevant standards.
Employee recruitment and employment	Employee diversity and inclusion		
Corporate governance	Corporate governance	Combination of issues	The Company integrated the contents of issues based on the Company's realities.
Safeguarding investors' rights and interests			
--	Investor education	Addition of a new issue	The Company added a new issue based on the latest standards and regulatory trends.
--	Responsible marketing	Addition of a new issue	



List of material issues of China Galaxy Securities in 2023 and corresponding chapters

No.	Name of material issue <sup>1</sup>	Corresponding chapter
1	Corporate governance	Improving corporate governance
2	Comprehensive risk management	Comprehensive risk management
3	Business ethics and anti-corruption	Prudent and compliant operation
4	FinTech application	Feature 2: Forestalling risks and empowering development through digital and intelligent transition
5	Compliant operation	Prudent and compliant operation
6	Serving the real economy	Feature 1: Keeping pace with the times and taking on the mission of serving China's building into a financial power
7	Green finance	Developing green finance
8	Promoting rural revitalization	Promoting rural revitalization
9	Information safety and customer privacy protection	Feature 2: Forestalling risks and empowering development through digital and intelligent transition
10	Climate change mitigation and adaption	Addressing climate change
11	Industry culture building	Strengthening culture building
12	Inclusive finance	Promoting inclusive finance
13	Customer service quality	Safeguarding customers' rights and interests
14	Investor education	Spreading financial knowledge
15	Employee training and development	Empowering talent development
16	Employee diversity and inclusion	Safeguarding employees' rights and interests
17	Employee rights and benefits	Safeguarding employees' rights and interests Caring employees
18	Responsible investment	Developing green finance
19	Green operation	Promoting low-carbon operation
20	Protecting intellectual property rights	Prudent and compliant operation
21	Responsible marketing	Spreading financial knowledge
22	Charity and volunteer services	Contributing to public undertakings
23	Supplier management	Prudent and compliant operation

<sup>1</sup> Issues in bold are issues of high materiality of the Company in 2023.



## Contributing to the United Nations Sustainable Development Goals

While deepening internationalization, the Company has paid continuous attention to global sustainable development, actively responded to the United Nations Sustainable Development Goals (SDGs) and examined their relevance to the Company's sustainability related practices, contributing CGS's bit to realizing global sustainable development goals.

CGS's actions in 2023	Chapter in this report	Corresponding to UN Sustainable Development Goals
<ul style="list-style-type: none"> <li>Supporting the development of key regions</li> <li>Practicing high-standard opening up</li> </ul>	Feature 1: Keeping pace with the times and taking on the mission of serving China's building into a financial power	 
<ul style="list-style-type: none"> <li>FinTech application</li> <li>Data security and customer privacy protection</li> </ul>	Feature 2: Forestalling risks and empowering development through digital and intelligent transition	
<ul style="list-style-type: none"> <li>Addressing climate change</li> <li>Developing green finance</li> <li>Promoting low-carbon operation</li> </ul>	Painting the picture of green development: accelerating CGS actions	 
<ul style="list-style-type: none"> <li>Safeguarding customers' rights and interests</li> <li>Spreading financial knowledge</li> </ul>	Sticking to original aspiration: improving CGS services	
<ul style="list-style-type: none"> <li>Safeguarding employees' rights and interests</li> <li>Empowering talent development</li> <li>Caring employees</li> </ul>	Adhering to diversity, equality and inclusion: creating a sound working environment	   
<ul style="list-style-type: none"> <li>Promoting rural revitalization</li> <li>Contributing to public undertakings</li> </ul>	Fulfilling financial responsibilities: sending CGS warmth	  
<ul style="list-style-type: none"> <li>Guiding corporate governance through Party building</li> <li>Corporate governance</li> <li>Safeguarding shareholders' rights and interests</li> <li>Risk management</li> <li>Compliant operation</li> <li>Business ethics and anti-corruption</li> <li>Protecting intellectual property rights</li> <li>Supplier management</li> </ul>	Laying a solid foundation for enterprise development: strengthening CSG governance	 

# Feature 1

## Keeping pace with the times and taking on the mission of serving China's building into a financial power



China Galaxy Securities has firmly practiced the political and people-centric nature of financial work, earnestly fulfilled its responsibilities and missions as a member of the "national financial team", given full play to the role of securities companies as a bridge connecting the capital market and the real economy, served national strategies, and actively made contributions to promoting high-quality development and Chinese modernization.

Responding topics:



### Performance highlights in 2023

Was included in **37** local government bond underwriting syndicates

Underwriting scale increased year by year and reached RMB **191.299** billion

Up **41.90%** year on year

Served **4** GDR projects, covering key strategic emerging industries supported by the country including new energy, new materials and semiconductor industries

Served more than **15** million corporate customers in China and ASEAN along the Belt and Road

### Focusing on main responsibilities and main business of finance and serving the development of the real economy

In 2023, centering around the theme and main task of high-quality development, the Company established the full-process closed-loop mechanism for serving national strategies that integrates "transmission & study, deployment & implementation, performance tracking, evaluation, and accountability & encouragement", and optimized the "3+3+1" performance evaluation system for serving national strategies, to stimulate the endogenous drive of serving national strategies. Meanwhile, the Company strengthened building of systems and mechanisms to improve the initiative to serve national strategies.

3 evaluation parts	3 subjects	1 leading institution that makes overall planning
Earlier-stage evaluation	Headquarters	
Quantitative assessment + qualitative evaluation	Branches	Leading group for serving national strategies
Additional points for selected cases	Subsidiaries	

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

#### With a focus on implementation of tasks, saw that responsibilities were properly fulfilled

- Included the implementation of the work concerning serving national strategies into the mid-year work meeting and quarterly business situation analysis meetings, and advanced it together with remediation of inspection findings, theme education, new strategic planning, etc.;
- Held four meeting of the leading group for serving national strategies to learn about the work of each unit in a timely manner.

#### With a focus on improving service quality and efficiency, continued to deepen supervision and survey

- Equity directors conducted 17 surveys in primary-level units, involving 11 branches, four subsidiaries and 6 corporate customers. They inspected their work at a close distance, found problems and gave specific suggestions and advice;
- The leadership and relevant departments of the Company went to primary-level units periodically to conduct special surveys to learn about the implementation of the work concerning serving national strategies and guide units to better carry out relevant work.

#### With a focus on giving play to synergy, mobilized primary-level units to innovate

- Developed diverse tools to implement the work concerning serving national strategies, organized the first chat session on serving national strategies, established the regular communication mechanism for frontline employees, and realized immersion participation and guidance of specific work such as cases and data.
- Launched the first "one-on-one" in-depth interview, explored business highlights with heads and core cadres of business lines, branches and subsidiaries, extracted typical cases centering around the "five key areas of finance", and continued to strengthen the initiative of primary-level units in work.

China Galaxy Securities' efforts in the building of the mechanism for serving national strategies in 2023



## Serving strategic emerging industries

The Company continued to strengthen financial support to technological innovation and fulfilled its responsibilities in serving the building of self-reliance and strength in high-level science and technology and promoting the high-quality development of the real economy.

Through the "research + fund + investment banking" integrated financial services, established with capital contribution an investment fund to mainly support tech startups with core technology and development potential.

With proprietary capital and private equity funds, supported tech companies on the NEV industrial chain and the semiconductor industrial chain.

### Main work and achievements of China Galaxy Securities in serving strategic emerging industries in 2023

Successfully held the New Energy Forum, providing a service and communication platform in the new energy field.

Leveraged its advantage as one of the first companies to be qualified as a market maker on the Science and Technology Innovation Board and the Beijing Stock Exchange, to help tech innovators reduce financing cost. The Company's trading volume of sci-tech innovation bonds on the Shanghai and Shenzhen stock exchanges was RMB14.4 billion.

#### Case Promoting transformation of scientific and technological achievements and providing financial support to the development of Heilongjiang

On September 23, 2023, the Company and the Department of Science and Technology of Heilongjiang Province held the Signing Ceremony of a Memorandum of Cooperation in Beijing, according to which the Company will provide custom consulting services to the Department of Science and Technology of Heilongjiang Province, becoming the exclusive securities firm that serves the transformation of scientific and technological achievements of Heilongjiang.



#### Case Setting up the first "key and core technology" venture capital fund in Minhang District, Shanghai

On November 1, 2023, Galaxy Capital, as the manager, and "Greater Neo Bay" Sci-tech Innovation Source Functional Zone in Minhang District, Shanghai ("Greater Neo Bay") co-founded Shanghai Greater Neo Bay Innovation Source Private Fund Partnership (Limited Partnership) ("Greater Neo Bay Fund").

With a focus on sci-tech innovation, the Greater Neo Bay Fund mainly invests in venture capital funds and industry funds including new materials, new equipment, pharmaceuticals, medical apparatus and instruments, information technology and intelligent equipment industries as well as tech startups and tech companies in their growth stages.

#### Case Galaxy Yuanhui invests in an enterprise on the NEV industrial chain

In 2023, Galaxy Yuanhui invested in Guangzhou Die and Mould Manufacturing Co., Ltd. ("GZDM").

GZDM is an ultra-large head company in the light-weight integrated die casting mould market in China. Its products are extensively applied in NEVs, 5G communications, etc. Galaxy Yuanhui actively cooperated in GZDM's financing progress and completed capital contribution in November 2023.

#### Case CGS International Holdings supports REPT BATTERO getting listed

On December 18, 2023, REPT BATTERO ("REPT") got listed on the Main Board of the Hong Kong Stock Exchange.

CGS International Holdings served as joint bookkeeper and joint lead manager in the issue. REPT is mainly engaged in the R&D, manufacturing and sales of lithium-ion batteries and provides solutions to NEV power and intelligent energy storage. The funds raised from the IPO of REPT will be mainly used to strengthen R&D and expand capacity, and to use the international capital market to accelerate technology innovation and strengthen core competitiveness.

#### Case Co-organizing "Finance Empowers Jiangsu's Building of a Strong Manufacturing Province' Series Activities - New Energy Session"

On November 25, 2023, the Company co-organized the "Finance Empowers Jiangsu's Building of a Strong Manufacturing Province' Series Activities - New Energy Session", which provided new energy enterprises with a communication platform on investment and financing business including financing, listing and M&A.





### Supporting coordinated development of regions

The Company has proposed "using financial resources to empower and serve coordinated development of regions", specifically, to intensify the financial supply that supports the high-quality development of key regions such as the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area to help improve the basic capabilities of regional industries.



On October 18, 2023, the Company concluded, via the RMB trading system of the interbank market, the first "CFETS Yangtze River Delta Regional Bond Index" (the "Yangtze River Delta Index") linked swap in the market with its partner. As the party receiving returns of the Yangtze River Delta Index, the Company creatively invested, in the form of over-the-counter derivatives, in the basket of Yangtze River Delta regional bonds, effectively guiding funds to support the integrated development of the Yangtze River Delta.

On September 6, 2023, the Company issued, on the RMB trading platform of the Chinese interbank market, the first "local government bond" basket in the western region - CGS 1- to 3-year Valuation Advantage General Local Government Bond Basket (BBX013008), which can help improve the liquidity of local government bonds in the western region, facilitate price discovery, reduce the financing costs of the local governments in the western region, and promote the coordinated development of the economy of the western region.

### As at the end of 2023

the Company had **20** funds under management, which focused on key regions included in national strategies such as the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, Hainan Free Trade Port, the western region, the Northeast, etc. and had a total scale filed on record of RMB **25,724** million. In 2023, six new funds completed filing, with a total scale of RMB **1,451** million. Through those funds, the Company served, with high quality, the effective scale of national coordinated development strategies of regions realizing a leap.

### Case "Galaxy Local Government Bonds" flagship store - one-stop "intelligent CGS" supporting coordinated development strategies of regions

On October 30, 2023, the "Galaxy Local Government Bonds" flagship store was officially launched on iDeal of China Foreign Exchange Trade System. It supports, through platform-based services, coordinated development of regions and makes it easier for institutional investors of the interbank market, especially local financial institutions, to invest in local government bonds to support coordinated development strategies of regions and help maintain stable macroeconomic performance.



Description of functions of the "Galaxy Local Government Bonds" flagship store

1 The swap of the Yangtze River Delta Index refers to the transaction that one party pays fixed interest rates and collects the returns of the Yangtze River Delta Index while the counterparty pays the returns of the Yangtze River Delta Index and collects fixed interest rates. It can help manage bond interest rate risk and credit risk, enrich trading strategies, etc. in the Yangtze River Delta. The Yangtze River Delta Index is composed of the bonds in the Yangtze River Delta that are traded on the interbank market. Its trading center implied rating is BBB and above.

### Deepening international development layout and promoting financial opening up

As a state-owned financial institution, China Galaxy Securities has stayed true to the mission of serving the country through finance. With its unique advantages in domestic and international layout, the Company has attached equal importance to "going global" and "bringing in", served national strategies and participating in the development of "the Belt and Road".

In 2023, according to the working requirements specified in the plan for serving national strategies, the Company practiced high-standard opening up by helping domestic companies get listed overseas, issuing overseas bonds, establishing communication platforms, innovating in financial products, etc.

#### China Galaxy Securities' main work concerning serving opening up in 2023

Helped domestic enterprises get listed overseas	<ul style="list-style-type: none"> <li>Helped J&amp;T Express, Maiyue, Wise Living Technology, etc. successfully get listed on the Hong Kong Stock Exchange.</li> </ul>
Issued overseas bonds	<ul style="list-style-type: none"> <li>Helped the Ministry of Finance, Guangdong Province and Hainan Province issue RMB T-bonds and local government bonds in Hong Kong and Macao;</li> <li>Underwrote Cinda HK USD400 million senior unsecured fixed-rate dollar bonds;</li> <li>Underwrote China Life (Overseas)'s issuance of USD2 billion subordinated capital bonds.</li> </ul>
Innovated in financial products	<ul style="list-style-type: none"> <li>On August 25, the CGS Fullgoal Vietnam 30 Industry Index ETF (Exchange Traded Fund) co-launched with Fullgoal Fund successfully got listed on the Singapore Exchange;</li> <li>Launched the first financial product for the EU carbon tariff - contractual cross-border total return swap (TR) for EU carbon emission rights futures;</li> <li>Helped new energy, new materials, intelligent manufacturing and semiconductor enterprises issue global depository receipts (GDR) on SIX Swiss Exchange.</li> </ul>
Established overseas investment and financing service platforms	<ul style="list-style-type: none"> <li>held CGS China-ASEAN Business Leaders Summit on March 9-10;</li> <li>Co-organized the "Belt and Road" parallel forum of the Financial Street Forum 2023 with the Asian Financial Cooperation Association, and released the <i>Asian Financial Cooperation Association-CGS China "Belt and Road" Financial Cooperation Practices Report 2023 (ASEAN)</i> and CGS Fullgoal CSI 1000ETF.</li> </ul>



The CGS Fullgoal Vietnam 30 Industry Index ETF is successfully listed on the Singapore Exchange



Holding the First China-ASEAN Business Leaders Summit

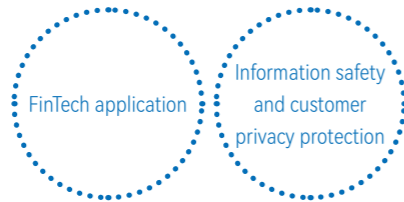
## Feature 2


# Forestalling risks and empowering development through digital and intelligent transition





At present, when technology and industries are highly integrated and deeply overlapped, China Galaxy Securities has deepened the layout of its digital and intelligent transformation strategy. While preventing data risks, it has worked to foster new strengths, play new roles and achieve new development through digital finance.

Responding topics:



 Launched **27** digital humans, who provided services in various scenarios including the official WeChat account, the video account and the app.

 As the first securities company, be the first to launch the functionality of investing in over-the-counter wealth management products under third-party depository systems with e-CNY.

 Passed the security assessment of outbound data transfer of the national cyberspace administration.



## Accelerating development of digital finance and strengthening technology empowerment

China Galaxy Securities has actively developed digital finance. In accordance with laws and regulations and relevant provisions such as the *Administrative Measures of Internet Information Services*, the Company has established a digital finance policy system with the *Implementation Rules of Management of Digital Financial Services* at its core, set up the digital finance center, and provided the "platform-based, digital" development direction in the *2023-2025 Strategic Development Plan of China Galaxy Securities Co., Ltd.* released in 2023. The Company has put forth effort to promote in-depth integration of FinTech innovation and business and give play to the dual functions of digital finance in forestalling risks and empowering development.

In 2023, in forestalling financial risks, centering around the goals of "online data use, intelligent measurement, systematic management and risk visualization", the Company deeply integrated the risk data assets of the parent company and subsidiaries, promoted integrated management and construction of risk data requirements, models, quality and services, and established several information systems including credit risk management system and risk warning management system, to further improve risk management efficiency through digitalization.

### Development of risk management information systems of China Galaxy Securities in 2023

#### Credit risk management system

Supported the full-process management of unified credit granting, early warning, risk classification, stress testing and impairment of the parent company and subsidiaries, and realized flexible customer information maintenance and business data query of all types of credit services from the same customer dimension.

#### Risk warning management system

Optimized different types of credit risk warning models, integrated intelligent warning results and other risk information, established the warning factor and tag system, and built intelligent warning models that have introduced AI algorithms to improve the ability to predict risks in a forward-looking manner.

In 2023, in empowering business development, the Company implemented in detail the digital finance development strategy in the wealth management business line and formulated the *2023-2025 Strategic Action Plan for the Wealth Management Business Line*, to build a digital operation closed-loop that expands users, establishes scenarios and builds ecosystems on the business, support and operation ends, and promote the development of online, automated and intelligent wealth management business throughout the whole process.



China Galaxy Securities' main measures and achievements in using digital finance to empower business in 2023

AI trading

- By designing new scenarios and new tools, adding varieties that it supports, expanding external channels, etc., continued to refined the four-dimensional AI trading ecosystem that integrates "AI tools, customer development, paid privileges and AI strategies" and further increase the AI trading coverage of corporate customers;
- In 2023, formed a strong AI trading service product matrix that has seven big customer scenarios at its core and has derived 18 conditional order tools and eight stock monitoring tools, served more than 700,000 customers, and realized a floor trading volume of stocks and funds of more than 600 billion.

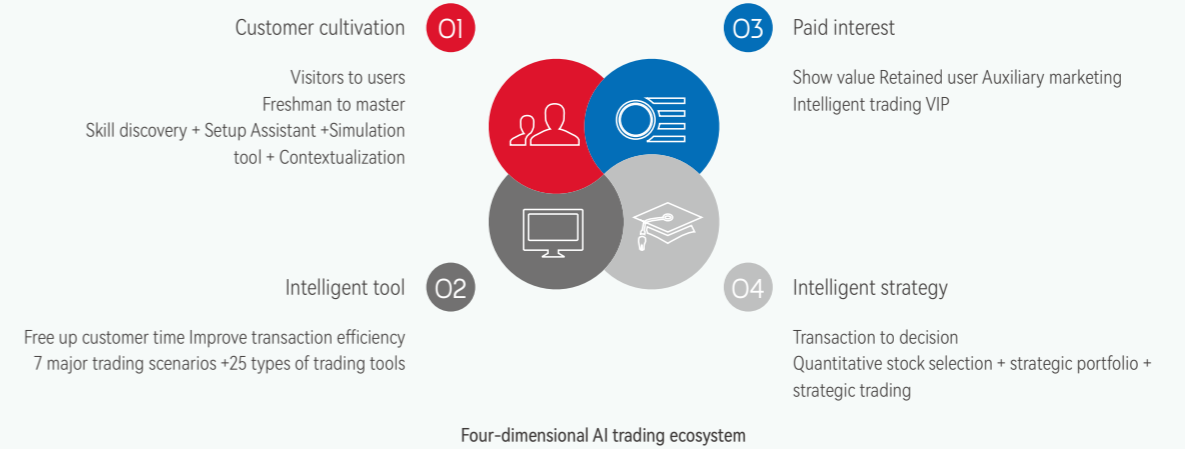


Image photos of digital humans "Yu Hanqiao" and "Dong Wenbo"

- By drawing materials from real people, using real names and adopting natural voices, created the images of CGS digital humans and established digital human platforms to explore application of digital humans in securities scenarios and promote the transition and upgrading of AI services;
- In 2023, launched 27 digital humans including "Yu Hanqiao" and "Dong Wenbo", to provide services in various scenarios including the official WeChat account, the video account and the app respectively.

AI services provided by digital humans

e-CNY

- Designed three e-CNY application scenarios, namely, "purchase of paid financial services" "investment in over-the-counter wealth management products under third-party depository systems" and "investment in over-the-counter wealth management products under digital wealth management wallet systems";
- In 2023, officially launched the function of using e-CNY to invest in over-the-counter wealth management products under third-party depository systems, becoming the first company in the securities industry that provides investment service in over-the-counter wealth management products using e-CNY.



Launch event of "Use e-CNY to Invest in Over-the-counter Wealth Management Products"



## Ensuring data security to forge the shield for business development

Data is a key production factor in the digital era, while the financial industry is one of the industries that have accumulated the most data. In frequent data exchange and processing, to ensure the confidentiality, completeness and availability of financial data is not only a responsibility of financial enterprises but also an important foundation to maintain the order of the financial market and customer trust.

The data involved in the business operations of China Galaxy Securities mainly include customer data, transaction data, etc. Customer data include personal ID information, account information and other customer privacy information.

The Company has strictly observed the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China* and other relevant laws and regulations and established a well-arranged organizational structure for cybersecurity and information security with clearly defined responsibilities. In 2023, the Company revised the *Cybersecurity and Information Security Policy* and the *Cybersecurity and Information Security Management Measures* and released five specific implementation rules including the *Implementation Rules of Management of Cybersecurity Vulnerabilities*, further defining responsibilities and organizational division of labor and providing strong guarantee for strengthening cybersecurity and information security management in all respects.

### Organizational structure for cybersecurity and information security of China Galaxy Securities



In terms of protection of customer privacy information, the Company has formulated the *Implementation Rules of Personal Information Protection of Information System*, standardized the activities throughout the whole process including customer information collection, transmission, storage, use and sharing, firmly fulfilled the statutory duty of protecting customer information, ensured the compliance of processing of customer information in its full lifecycle, and protected customers' legitimate rights and interests.

In 2023, the Company continued to strengthen the building of the management mechanism by deepening the security technology support system, establishing information security transmission barriers, exploring cross-border data processing mechanisms, etc. Meanwhile, it conducted training and publicity on information security to strengthen security protection capability across the board. In 2023, the Company had no confirmed material information security incident or customer privacy leak incident or violation of customer privacy or loss of customer data, or confirmed relevant complaint.

### Cybersecurity and information security construction measures of China Galaxy Securities in 2023

**01** Deepened the security technology support system

- Deployed security protection equipment such as firewall, application firewall and traffic security detection system at network boundaries;
- Pushed for deployment of terminal security management systems to strictly control incoming equipment;
- Used encryption protocols to provide encipherment protection of data in transmission;
- Improved operation maintenance efficiency through IT service desks and service quality management.

**02** Built safe information transmission barriers

- Equipped anti-plug-in security control such as encryption, certificate validation, VMP, frequency control and blocking through the online trading client side;
- Integrated third-party security reinforcing plug-ins and commercial password security components in the app of China Galaxy Securities to use the encrypted transmission channel with two-way authentication for information transmission;
- Used specific cryptographic algorithms to strengthen authentication to ensure the confidentiality of data transmission, thus protecting customer privacy and information to the greatest extent;
- Conducted information security risk assessment of suppliers that may contact sensitive data such as the internal information of the Company and customer information, and sign the *Third-party Personnel Network Security and Confidentiality Commitment* to reduce the risk of data leak from third-party channels during transmission and use.

**03** Explored cross-border data processing mechanisms

- Strengthened communication with overseas wholly-owned subsidiary CGS International Holdings and its subsidiary CGS-CIMB and established the overseas cybersecurity emergency contact mechanism;
- Signed the *Contract on Outbound Transfer of Personal Information* with CGS International Holdings, defining the personal information protection rights and obligations of personal information processors and overseas receivers and making sure that the personal information processing activities of overseas receivers meet relevant national laws and regulations;
- Conducted security risk self-assessment of outbound data transfer, applied to the national cyberspace administration for security assessment, and passed the security assessment of outbound data transfer in July 2023;
- Participated, as a main writer, in the industry research project *Research on Outbound Data Transfer of Securities and Futures Industries* led by China Securities Data Co., Ltd., which was named Excellent Project by the Department of Technology Supervision of China Securities Regulatory Commission;
- Completed three theses on outbound data transfer including *Research and Exploration of Regulatory Models for Outbound Data Transfer of Securities and Futures Industries* and published them on the magazine *Financial Computerizing* and its official WeChat account;
- Participated in the "SSE Energy" salon on outbound data transfer practices of the industry and shared its practices under the topic "application for outbound transfer of data".

**04** Conducted information security training and publicity

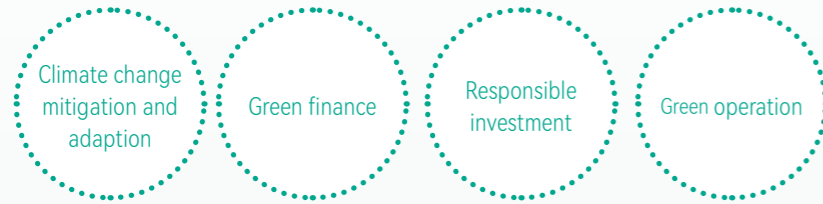
- Produced security awareness series short videos and played them on the big internal promotion screen of the Company in a constant loop;
- Conducted training on information security and secrecy awareness among all employees;
- Holding the livestreaming course *Investors Should Strengthen Personal Information Protection as the Internet Is Full of Cybersecurity Threats* facing investors to give an introduction to daily cybersecurity threats.

"SSE Energy" salon on outbound data transfer practices of the industry

# Painting the picture of green development: accelerating CGS actions

China Galaxy Securities has practiced the green development philosophy, actively providing financial services in various forms to green and low-carbon development, enriching the connotation of green finance, and empowering the strategy of carbon peak and carbon neutrality through innovation.

Responding topics:



Per capita greenhouse gas emissions were **1.50** tons of CO<sub>2</sub> equivalent per person

Total investments in serving green development strategies recorded RMB **2.793** billion

A total of nearly **40** ESG investment research projects were conducted



## Addressing climate change

Facing the urgent situation of global warming, countries are strengthening their climate and environmental policies, setting broad carbon neutrality goals, and implementing diverse low-carbon strategies. China Galaxy Securities profoundly understands that achieving carbon neutrality is not only an inevitable requirement for the protection of the global ecological environment but also a core element for enterprises to maintain competitive advantage and achieve sustainable economic development.

Based on the IFRS S2 framework, China Galaxy Securities has identified the risks and opportunities brought by climate change for the operations of the Company, and taken coping measures based on the identification results to manage the impact of climate change on the Company.

### Governance

Attaching great importance to the building of the climate-related governance system, the Company has established the top-down, effective three-layered management architecture comprising the Board of Directors, the Management and the Execution level.

Climate governance architecture of China Galaxy Securities

Layer	Specific department	Job responsibilities and working mechanism
Board of Directors	Board of Directors/ Audit Committee	<ul style="list-style-type: none"> <li>The Board of Directors is responsible for overall supervision of climate-related risks; the Audit Committee, as the decision-making and discussing body of ESG work, is responsible for supervising and managing climate-related risks and opportunities</li> <li>The Board of Directors and the Audit Committee periodically learn about the climate-related risks and opportunities of the Company, including but not limited to collecting climate-related risk reports, conducting environmental trend analyses and consulting external experts, to make sure the climate-related information of the Company is reviewed at an appropriate frequency and understand the evolution of climate-related risks and opportunities on different timescales</li> </ul>
Management level	ESG working group	<ul style="list-style-type: none"> <li>Implements and advances environmental policies and climate change-related policies</li> <li>Makes sure that the Company actively addresses climate change in actual operations through close collaboration with departments</li> <li>Subject to the supervision of the Board of Directors and reports work progress to the Audit Committee periodically</li> </ul>
Execution level	Office	<ul style="list-style-type: none"> <li>Manages carbon emissions on the operation level</li> </ul>
	Risk management headquarters	<ul style="list-style-type: none"> <li>Includes climate-related risks into business considerations and risk management, and identifies, analyzes, reports, etc. climate-related risks based on the unified risk management mechanism of the Company</li> </ul>
	Business departments and subsidiaries	<ul style="list-style-type: none"> <li>Develop and issue green finance products and carbon finance products</li> </ul>

## Strategy

Based on its own business development layout and characteristics and external expert advice, the Company has assessed the materiality of climate-related risks and opportunities from the dimensions of probability of occurrence, degree of impact, etc. and identified four climate-related risks and three climate-related opportunities. And based on the identified climate-related risks and opportunities, the Company has further formulated through discussion corresponding climate strategies and actions.

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



Climate-related risk/opportunity	Acute physical risks	Chronic physical risks	Policy and legal risks
Impact time frame of risk/opportunity	Long term	Long term	Medium term
Description of risk/opportunity	<p>Drastic climate change such as typhoon and flood can cause extreme weather or natural disasters, which may affect the normal operation of the Company's business department, thus affecting the business implementation of the Company.</p> <p>The Company's customers/investment targets may be affected by disasters and cannot do business normally, which can lead to decline in solvency or market capitalization.</p>	<p>Long-term changes in natural modes such as rise in sea level and long-lasting hot weather may impact the normal operation of the Company.</p> <p>As climate gradually deteriorates and the probability of occurrence of natural disasters may affect the market value of some customers/investment targets.</p>	<p>Tightened environmental protection policies and regulation mean that the Company needs to observe environmental protection laws and regulations more strictly. Failure to observe such regulations may lead to penalty, punishment or damage to reputation. Therefore, the Company needs to invest more resources to ensure compliance.</p> <p>Adjustments in environmental protection policies may have direct negative impact on some industries, e.g., high energy-consuming industries and high emission industries. The investment portfolios of the Company may be affected by those policies. It needs to manage investment risks prudently.</p>
Potential financial impact	<p>Operating income ↓</p> <p>Value of investment portfolios ↓</p> <p>Fixed assets ↓</p>	<p>Operating cost ↑</p> <p>Value of investment portfolios ↓</p>	<p>income ↓</p> <p>Value of investment portfolios ↓</p>
Countermeasure	<p>Established relatively complete emergency management measures, implemented the around-the-clock guard watch and accident information reporting system, and prepared emergency equipment, in order to effectively reduce the impact of extreme weather on the operation of the Company.</p> <p>Galaxy Futures continuously tracked and monitored the impact of climate on commodity demand and supply and prices before investing in commodities and term businesses and in the management procedures during their duration, etc.</p>		<p>Paid close attention to possible adverse impact on the Company's business in the implementation of carbon peak and carbon neutrality policies and took countermeasures in a timely manner.</p>

Note: Short term means 1 year, medium term 1 to 5 years, and long term more than 5 years.



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



Climate-related risk/opportunity	Technological risks	Market opportunities	Resource efficiency	Adaptability
<b>Impact time frame of risk/opportunity</b>	Medium term	Medium term	Medium term	Long term
<b>Description of risk/opportunity</b>	During the technological transition toward low-carbon development, there may be major breakthroughs in energy conservation and environmental protection technologies such as renewable energy and new energy, so traditional energy/production technologies will be gradually phased out, which will affect the solvency and market valuation of some customers/investment targets that are unable to promptly update technologies.	Against the backdrop of low-carbon economy, climate-friendly products and enterprises are becoming more favored by the market, so the market valuation of relevant investment targets may rise.	Improving the utilization efficiency of resources like energy, water and materials during the operation of the Company can help reduce the resource expenditures of the Company.	Actively establishing cooperation with climate change related industries or participating in communication with climate-related industries can help nurture adaptability to climate change, thus improving the Company's ability to respond to risks and seize opportunities.
<b>Potential financial impact</b>	Operating income ↓ Value of investment portfolios ↓	Operating income ↑	Operating cost ↓	Operating income ↑ Operating cost ↓
<b>Countermeasure</b>	For investment and financing business, used risk warning tools and the negative list management mechanism to strengthen pre-investment risk identification and post-investment continuous management of high-carbon objects of investment and financing.  Regarding industries with high energy consumption and high carbon emissions such as coal and steel, set concentration risk limits and strengthened their tracking and monitoring.	Centering around the national development strategy of green finance, the investment banking business segment intensified resource allocation and continued to promote innovation in relevant products and service models.  CGS International Holdings set up the carbon peak and carbon neutrality innovation center to actively conduct business in climate investment and financing consulting, carbon asset development, trading and support, innovation in carbon finance products, etc.  The Fund Research Center, as the fund evaluation agency, added ESG tags and classified main funds of the market under environmental, social and governance subjects.	Equipped water-saving/energy-saving appliances in office spaces.  Promoted paperless office and operation.  Installed large trash cans to reduce the use of plastic bags.  Built a green data center.	Established the carbon neutrality team and led a number of carbon peak and carbon neutrality related subject researches.  Established the carbon peak and carbon neutrality innovation center to provide research and consulting services.

Risk management

The Company has paid close attention to the risk management development trends of the industry, tracked domestic and overseas regulators' management requirements of climate-related risks, conducted in-depth research and surveys of management of climate-related risks, and worked faster to build a management mechanism for climate-related risks by reference to the advanced management experiences of other financial institutions in the industry.

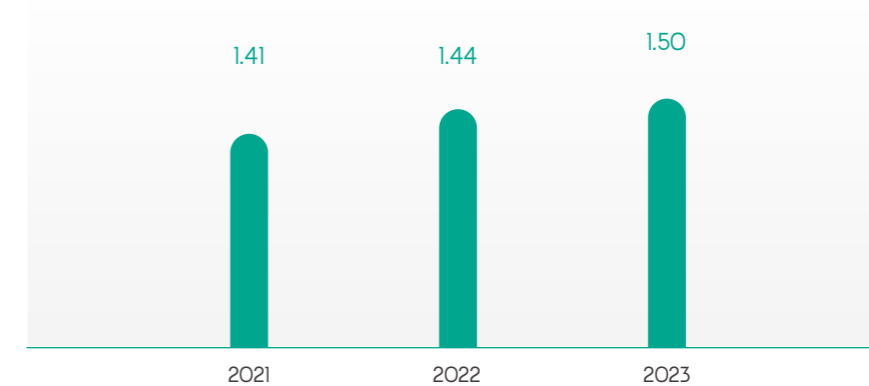
The Company has included climate-related risks into business considerations and risk management, and identified, analyzed and reported climate-related risks based on the unified risk management mechanism of the Company. In the overall risk limit system, the Company has set centralization risk limits for industries with high energy consumption and high carbon emissions such as coal industry and steel industry and monitors them daily. When the limit touches the warning line or is close to the threshold, the Company will promptly formulate a risk plan to deal with the situation; when it exceeds the warning line or the threshold, the Company will promptly disclose the risk and report and deal with it according to regulations; when a risk event is involved, the Company will follow the overall risk event reporting management system of the Company.

Metrics and Targets

To further implement management of actions addressing climate change and improve the effectiveness of climate change management, the Company regularly collects data on greenhouse gas emissions and other indicators, with the goal of "controlling per capita greenhouse gas emissions at a low level" to reduce greenhouse gas emissions generated by operations as much as possible.

Per capita GHG emissions of China Galaxy Securities over the past three years (Scope 1+Scope 2)

Unit: ton of CO<sub>2</sub> equivalent/person



CASE CGS International Holdings achieves carbon neutrality in its own operations by 2023

Actively responding to the national carbon peak and carbon neutrality goal, CGS International Holdings continued to carry out carbon emission inventory, determined its own carbon emission base. At the same time, under the framework of comprehensively promoting green operation strategy, CGS International Holdings worked together to reduce carbon emissions through the integration and application of market-oriented emission reduction mechanisms.

2023, CGS International Holdings is carbon neutral in its own operations.

## Developing green finance

China Galaxy Securities has continued to creatively serve carbon neutrality and green development, participated in green investment and financing activities, practiced the principle of responsible investment, and conducted researches of ESG and carbon peak and carbon neutrality, taking into account social and environmental benefits while pursuing economic benefits.

### Green financing

The Company is deeply involved in green and low carbon industries by providing diverse green financing services and supporting global low carbon development.

**CASE** Creating the "investment banking + market making + risk management" model to provide comprehensive financial services to green enterprises

In 2023, by building the "investment banking + market making + risk management" three-in-one business model, the Company helped Akesu Prefecture Green Industrial Development Group issue, by private placement, corporate bonds (Phase I) in 2023 on the Shanghai Stock Exchange to professional investors in February, and reduced bond yield by 1.32% with automated market making services, thus reducing the financing cost for the Group. In August, the Company further provided over-the-counter interest rate option service and linked the 1-year LPR with the price of T-bond futures, with a notional principal of RMB110 million, helping the Group realize debt structure optimization and financing cost risk management.

With its outstanding contributions to innovation in green financing services, enterprise risk control and the market-based reform of interest rates, the case was included as a typical case of the 10th anniversary of listing of T-bonds and futures on Chinese financial futures exchanges.

**CASE** Assisting PSBC issuing demonstration green bonds

On March 23, 2023, the Company assisted Postal Savings Bank of China (PSBC) issuing 2023 Green Financial Bonds (Phase I) of Postal Savings Bank of China Co., Ltd. based on the *Common Ground Taxonomy*.

The financial bonds were PSBC's first green financial bonds and first financial bonds for micro and small businesses. With financial resources, the Company promoted the building of the green and low-carbon circular economy system, actively served national strategies, and implemented the goals of carbon peak and carbon neutrality.

**CASE** CGS International Holdings supports ICBC successfully issuing "the Belt and Road" themed green bonds

On October 18, 2023, the Company supported four overseas branches of ICBC successfully issuing multi-currency "Belt and Road" themed green bonds, with a total scale equivalent to USD2 billion.

They were the first "the Belt and Road" themed green bonds issued by ICBC. The total amount of the applicable green asset pool of the issuance exceeds RMB3 trillion. The funds raised from the issuance will be mainly used in renewable energy and clean transportation projects in the countries along "the Belt and Road".

**CASE** CGS-CIMB Thailand participates in the environmental green bonds issued by Energy Absolute

The investment banking team of CGS-CIMB Thailand participated in the environmental green bonds issued by Energy Absolute Public Company Limited ("EA").

The bonds are in line with the Company's mission of seeking alternative energy sources and renewable energy sources to serve the Thai market. Relevant capital will be used to fund EA's electric vehicle business including buses, vessels and motor vehicles.



Environmental green bonds issued by EA

**CASE** CGS International Holdings assists local government issue biodiversity themed green bonds

On September 13, 2023, the People's Government of Hainan Province successfully issued RMB5 billion of offshore RMB local government bonds in Hong Kong. CGS International Holdings served as co-lead underwriter and joint bookkeeper of the issuance.

In addition to sustainability bonds and blue bonds, the bond varieties in the issuance also included the first biodiversity themed green bonds of local governments in China. The funds raised from the issuance will be mainly invested in fields concerning people's wellbeing such as healthcare and education as well as key areas such as marine protection, environmental monitoring and remediation, protection of species resources, etc.

## Green investment

Upholding the principle of responsible investment, the Company has promoted application of responsible investment strategies such as screening, ESG integration, themed investment and impact investment in investment business, and actively participated in green investment, giving consideration to both social and environmental benefits while pursuing economic benefits.

### CASE CGS-CIMB issues CGS Shanxing Income Fund and adopts responsible investment strategies

To meet the investment demand of different types of investors, CGS-CIMB's wholly-owned subsidiary CGS-CIMB Wealth Management Private Limited Company issued CGS Shanxing Income Fund in Malaysia.

Unlike traditional funds, CGS Shanxing Income Fund only makes investments that comply with Sharia. The main characteristics of such funds include forbidding investment in debt investment instruments that earn financial returns in the form of interest or extraneous income, forbidding investment in services or products that violates Sharia (e.g., tobacco, liquor, etc.), or forbidding investment in speculative transactions with gambling nature, etc.

### CASE Becoming one of the first strategic investors of new energy REITs

On March 29, 2023, the first publicly offered new energy REITs, "China Securities SPIC New Energy REIT" and "AVIC Fund BJ Energy Photovoltaic REIT", were listed. The Company, as a "strategic investor" of the two projects, used its proprietary funds to make long-term investment in the first publicly offered new energy REITs to help expand effective investment and serve the national strategy of carbon peak and carbon neutrality.

As the first publicly offered new energy REITs in China, the issuance will inject new asset types into the REITs market, and push the REITs market to further expand the asset domain. It will also help energy enterprises make better use of their existing assets, expand effective investment in the new energy field, facilitate virtuous circulation of investment and financing, and contribute to the green transition of the Chinese energy structure.

In 2023, the Company innovated in green investment products to guide social capital to invest in green areas. CGS International Holdings joined the Green Investment Principles (GIP) for the Belt and Road. It performed the foregoing principles in investment and operation and gave play to its advantages in overseas markets to actively promote green investment of the Belt and Road.

### China Galaxy Securities' green investment achievements in 2023



## Green research and communication

In 2023, the Company put forth effort to strengthen research of green finance and relevant communication activities, actively participated in the building of the Company's and the industry's green finance systems, and advanced the development of green finance in all respects.

### China Galaxy Securities' green research work in 2023

<p>Participated in the 2023 key research projects of the Securities Association of China and formed the research report titled <i>Research of ESG Application Practices in the Credit Financing Business of Securities Companies</i></p>	<p>Released the <i>Report on Development Strategies of ESG Financial Products</i> and established the CGS ESG Index to provide reference to financial institutions developing ESG products, thus enriching ESG investment and financing instruments on the market.</p>	<p>The Research Institute of the Company set the specialized position of responsible investment analyst, conducted ESG research with organizations like government departments and associations. It carried out a total of nearly 40 ESG investment research topics.</p>



Organizing the "China Sustainability Investment: ESG and Enterprise Low-carbon Transition Forum"



The Company's ESG researcher Ma Zongming was invited to the "2023 Central Forum", at which he shared CGS's practices and experiences in ESG in recent years



CGS-CIMB held the first ESG and Sustainability Conference 2023, which was themed by "Malaysia, ASEAN's Renewable Battery" and discussed the prospects and key challenges of the energy transition of Malaysia

### CASE Building an ESG evaluation model for stock pledging business

The Company actively explores incorporating ESG concepts into the exhibition process. Based on the relatively mature ESG evaluation framework from overseas, combined with the characteristics of China's development stage and national conditions, the company independently builds an underlying securities ESG evaluation model containing 3 dimensions, 17 main issues and 43 secondary issues, and applies it to the stock pledge business practice. Actively implement the functions of financial institutions to apply ESG concepts and serve national strategies, and strive to support the transformation and development of the real economy.

	Traditional evaluation factors	ESG evaluation factors
<b>Financier</b>	compliance, solvency	+Climate and environmental impacts Social and public obligations Corporate governance anomaly
<b>Purpose of financing</b>	compliance, operation and liquidity	+Clean energy, afforestation specialized and sophisticated enterprises... two and one are left over...
<b>Underlying securities</b>	profitability, operational capacity, solvency Cash flow, evaluation of fraud identification indicators, mobility	+Climate/pollution/green development, etc. Employees, consumers, social public governance system, information disclosure, governance abnormalities

Part of the ESG evaluation model

CGS International Holdings set up the carbon peak and carbon neutrality innovation center of, as the "test field" of the Company in carbon peak and carbon neutrality, completed filing with regulators and officially started to conduct business in 2023, committed to explore domestic and overseas carbon finance demand and conducted climate investment and financing consulting, carbon asset development and trading support, carbon finance product innovation and other services, to support green finance.

With its own extensive business resources and professional advantages, the carbon peak and carbon neutrality innovation center of CGS International Holdings, together with industry partners, build a green financial service ecological chain, while doing its best in green finance, with the power of the financial engine to promote the realization of China and the world's carbon peak and carbon neutrality goal, with financial water to nourish the green transformation and development of the double circular economic system at home and abroad.

**CASE** Galaxy International Financial Holdings launches contractual cross-border total return swap (TRS) for EU carbon emission rights futures

CGS International Holdings designed and launched contractual cross-border total return swap (TRS) for EU carbon emission rights futures, the first financial product in response to the EU carbon tariff, to help domestic institutional clients directly participate in the EU carbon market for trading and realize financial empowerment for the low-carbon transition of the real economy. It promoted alignment of the Chinese carbon market with international standards, and provided useful reference for China's building of a global carbon market and for developing countries' response to carbon tariffs.

Since its launch, the product has won many awards including Innovation Award of the 4th IFF Global Green Finance Award, Best Solution Award of "Outstanding Cross-border Service Award" of the Chinese Financial Association of Hong Kong, and "Pioneer Award" for Excellent Cases of Green Finance of the Guangdong-Hong Kong-Macao Greater Bay Area, and was included in 2023 Top 10 Cases of Green Development.



Won the 4th International Financial Forum (IFF) "Global Green Finance Award - Innovation Award"

Won the "Outstanding Cross-border Financial Services Award - Best Solution Award" of the China Finance Association, Hong Kong

Won the "Guangdong-Hong Kong-Macao Greater Bay Area Green Finance Outstanding Case" Pioneer Award

Selected as "2023 Beijing News Top Ten Green Development Cases"

**CASE** Galaxy International Financial Holdings participates in the preparation of *The Road to Carbon Neutrality: Hong Kong's Role in Capturing the Rise of Carbon Market Opportunities*

To study Hong Kong's path to develop the carbon market, the carbon peak and carbon neutrality innovation center of CGS International Holdings participated in the preparation of *The Road to Carbon Neutrality: Hong Kong's Role in Capturing the Rise of Carbon Market Opportunities* led by the Hong Kong Financial Services Development Council.

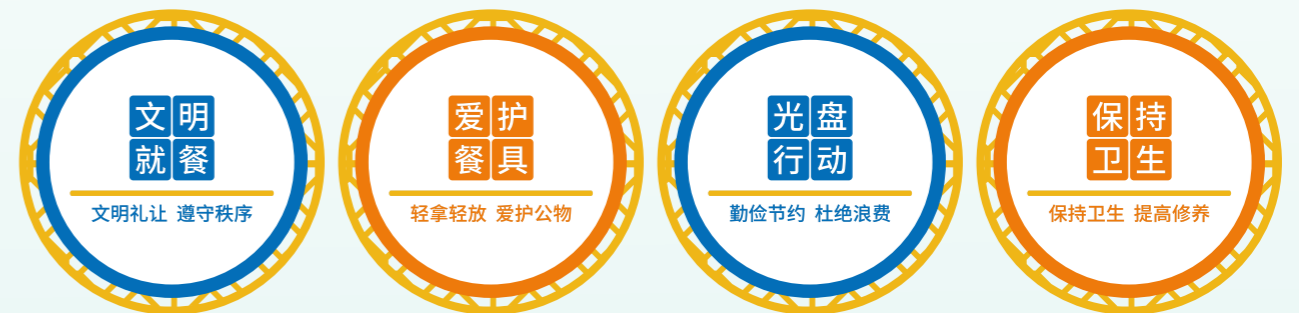
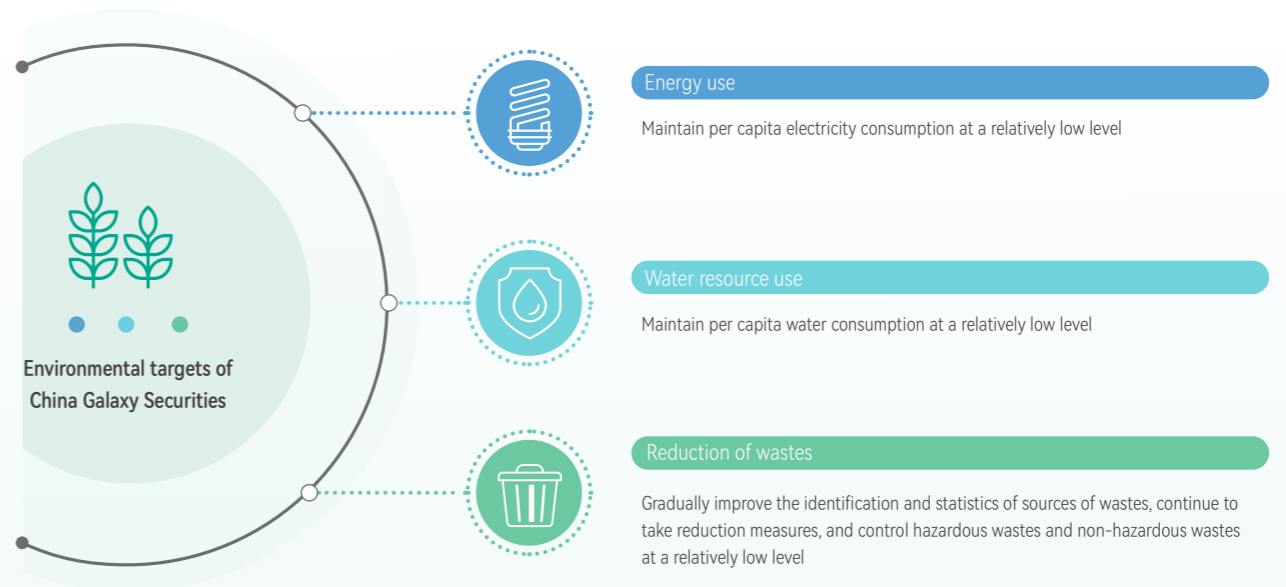
The research report has described the challenges currently faced by the voluntary carbon market (VCM) and Hong Kong's role in capturing carbon market opportunities and put forward policy suggestions conducive to the green and low-carbon development of Hong Kong.

## Promoting green operation

At the operation level, the main energy resources consumed by China Galaxy Securities, as a financial institution, are electricity, natural gas, and gasoline and diesel consumed by vehicles owned by the Company. The source of water resources used by the Company is municipal water and the Company had no problem seeking water in 2023. The wastes produced mainly include office waste, kitchen waste, waste batteries, toner cartridges, ink cartridges, discarded electronic products, etc.

The Company has practiced the concept of green office, followed the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China* and other relevant laws and regulations, improved energy use efficiency, and reduced the environmental impact of operating activities. In 2023, at the operation level, the Company did not cause any significant impact to the environment or natural resources, and there was no confirmed violation relating to environmental protection that has significant impact on the Company.

Based on its own operation, the Company has put forward three environmental goals in terms of energy management, water resource management and waste management, continued to refine the path to realize the goals, and periodically tracked the fulfillment of the goals.



Austerity initiative of China Galaxy Securities

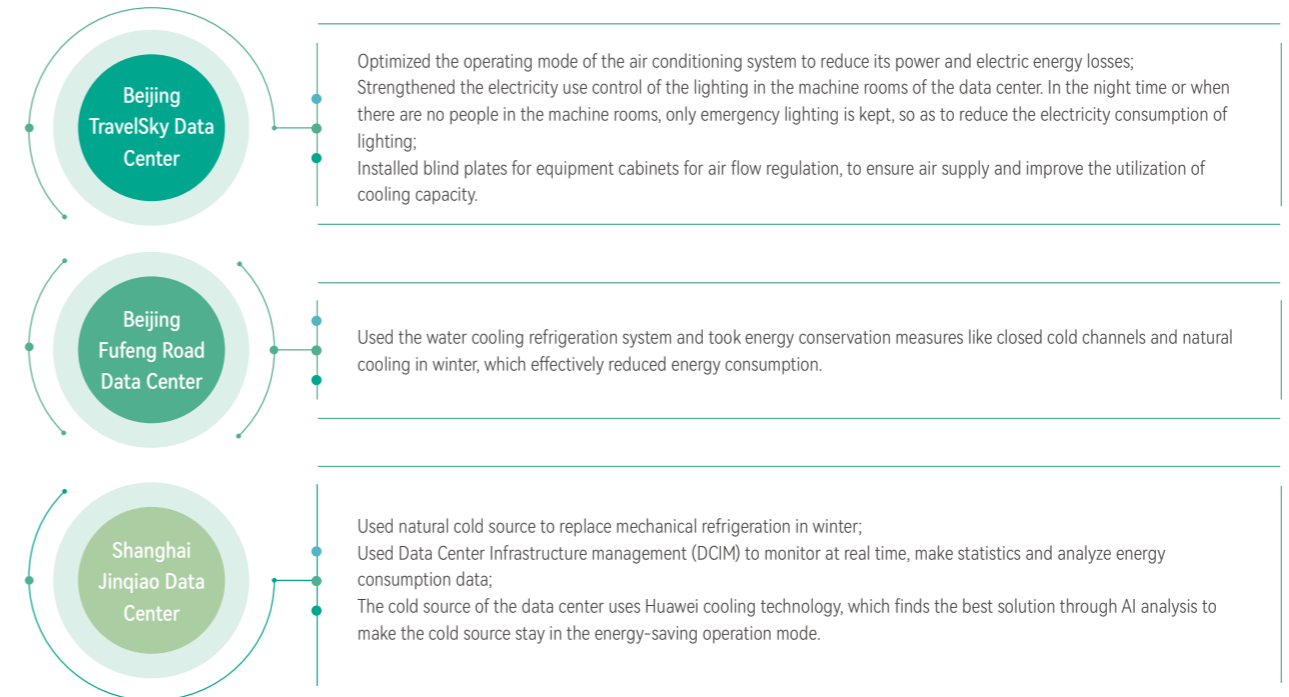


In 2023, the Company saved social resources, protected the environment and reduced pollution by advocating paperless office, controlling air conditioning temperature, implementing garbage sorting, etc.

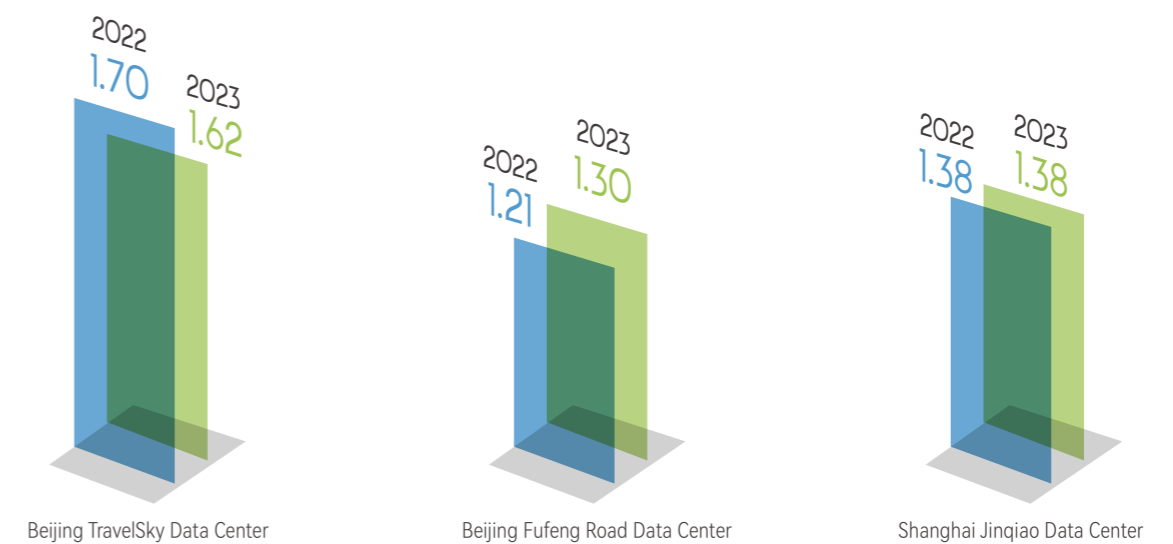


In 2023, all the three data centers used by the Company were rented and they are Beijing TravelSky Data Center, Beijing Fufeng Road Data Center, and Shanghai Jinqiao Data Center. In 2023, the Company strengthened the management of the rented data centers and took a combination of green energy conservation measures to increase their resource utilization efficiency.

**Green energy conservation measures taken by the data centers rented by China Galaxy Securities**



**PUE values of major rented data centers of China Galaxy Securities**



Note: PUE is the abbreviation of Power Usage Effectiveness. It's an indicator used to assess the energy efficiency of data centers. The PUE values of the three rented data centers of the Company are estimated values and are average values of the year.

# Sticking to original aspiration: improving CGS services

China Galaxy Securities has gained a deep understanding of the "people-centric" nature, upheld the "customer-centric" philosophy, and taken solid steps to ensure customers' rights and interests and improve customer experience. In 2023, the Company strengthened customer service quality management, innovated in and upgraded investor education experience, improved the professional capability to serve customers, and increased the service coverage.

Responding topics:



Satisfaction of new customers in return visits was over

# 99%

The investor education bases of the Company produced and released **569** types of original investor education products, and organized and held more than **3,945** investor education activities, which had over **56** million investor audiences



## Safeguarding customers' rights and interests

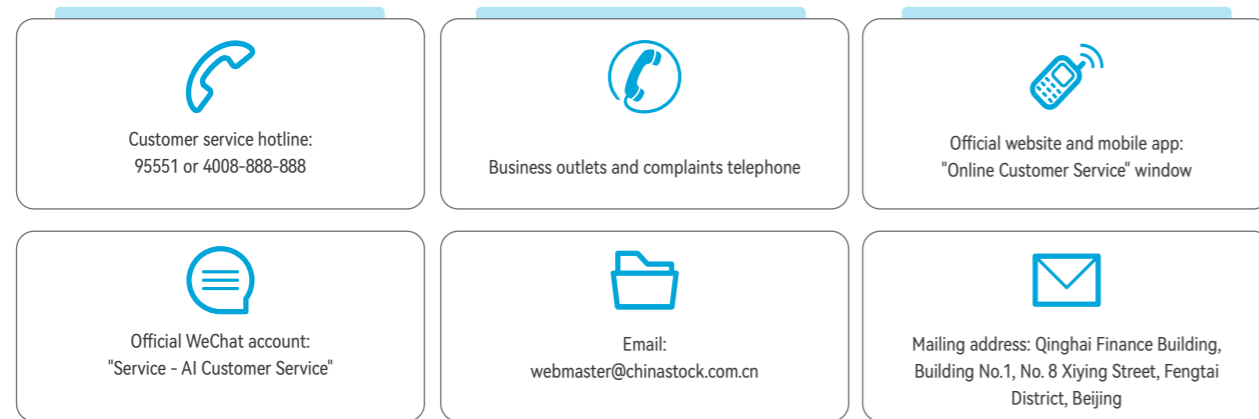
### Customer service quality

As a state-owned financial enterprise and the securities firm with the most outlets, China Galaxy Securities has upheld the "customer-centric" service philosophy, earnestly tracked and replied to customers' questions and requirements, and continuously strengthened customer service capability.

In 2023, in order to improve customer service quality and ensure compliance of short message service (SMS), the Company revised the Implementation Rules of Management of Short Message Service of the Comprehensive Service Platform for Retail Customers, refined SMS suitability management, and provided multi-channel SMS subscription and unsubscription application service for customers. Meanwhile, the Company optimized the "Cloud Communications" function and standardized the management of the customer service process of marketing service personnel to ensure customer service quality.

The Company formulated the Implementation Rules of Customer Complaint Handling for Wealth Management Business to standardize the complaint handling workflow and define complaint handling time limits, realizing closed-loop management of complaint handling.

Complaints and communication channels of China Galaxy Securities



Customer complaint handling process of China Galaxy Securities



## Improving customer experience

To implement the strategic layout of "becoming a financial advisor at customers' side", the Company has established the "dual-lifecycle customer service system", which, on the basis of customer portrait, group insight and feature analysis and closely centering around the characteristics, risk appetite, etc. of each lifecycle of customers, matches suitable service resources and financial products to meet customers' investment and financing needs to the greatest extent.

In 2023, the Company launched "CGS Tiangong", the one-stop financial service platform for institutional clients, to bring a new service experience for institutional customers and help institutional investors effectively improve productivity.



Besides, the Company provided custom-made services to strategic customers by conducting "one-on-one expert consulting" and holding series exclusive activities for strategic customers.

### CASE Holding series exclusive activities for strategic customers

The Company has completed multi-level, multi-dimensional interaction with customers by holding series exclusive activities for strategic customers. In 2023, the Company held a total of five sessions of such activities whose topics included macroeconomy, industry trends, interpretation of important working conferences, etc.





### In 2023



the Company had **3,798** investment advisers, an increase of **210** or **5.85%** from the end of 2022;



the Company served **327.90** thousand investment consulting customers, an increase of **76,000** or **30%** from the end of 2022;



the Company's contracted net assets of high-net-worth clients were RMB **163.5** billion.

### Responsible marketing

The Company has strictly followed the *Measures for the Administration of the Securities Brokerage Business*, the *Measures for Securities and Futures Investor Suitability Management*, the *Administrative Regulations on Sale of Financial Products by Proxy by Securities Companies* and other relevant laws and regulations, established and refined the system of investor suitability management policies and regulations, to make sure that there are applicable rules and regulations available, safeguard investors' legitimate rights and interests, and promote healthy and stable business development.

The Company has formulated suitability management regulations including *Investor Suitability Management Measures*, *Implementation Rules for Marketing and Promotional Activities of Wealth Management Business*, *Custody and Fund Services Marketing and Promotional Activities Management* to make sure that customers are informed of authentic and complete product information and effectively protect investors' right to know, right to participate, right to profit and right of claim. In 2023, the Company comprehensively analyzed the implementation of suitability management, optimized the suitability management process and system control, further revised and refined investor suitability management related policies of the Company, and improved the efficiency of investor rights protection.

In 2023, for inadequate suitability management, the Company received two letters of decision on correcting illegal acts issued by local offices of China Securities Regulatory Commission (CSRC) (CSRC Henan Office [2023] No. 55 and CSRC Beijing Office [2023] No. 237). So far, all the foregoing problems have been properly handled and closed. After that, the Company has conducted comprehensive self-inspection and remediation, strengthened management of relevant business, and optimized policies, the decision-making mechanism and the risk control system, to protect investors' rights and interests and strictly perform compliance obligations. See the *2023 Annual Report of China Galaxy Securities Co., Ltd.* for details.

### Spreading financial knowledge

China Galaxy Securities has actively carried out the guiding principles of the Opinions of the General Office of the State Council on Further Strengthening Rights Protection of Small and Medium Investors of the Capital Market, formulated the Management Measures of Investor Education, the Implementation Rules of Investor Education Management for Branches, etc., and established a special investor protection and education management system, to continue to improve the quality and efficiency of investor education work.

In 2023, the Company revised the Implementation Rules of Management of Investor Education Bases, and the wealth operation management headquarters established a task force for investor protection and investor service. Meanwhile the Company optimized the functions of the investor education base management platform, and continued to carry out investor education activities, to further strengthen investor education service capability and protect investors' legitimate rights and interests.

### Taking a combination of measures to ensure a good job in the operation of investor education bases

In 2023, the Company put forth effort to build the "1+2+N" investor education front. Based on the national-level internet investor base, the Company provided coaching support to the physical bases in Hubei and Jingning and continued to advance the base electronization project, hoping to form synergistic effect among online and offline channels, bases and all outlets and forge an investor education brand of CGS.

#### China Galaxy Securities' main work concerning operation of investor education bases in 2023



#### Characteristic investor education activities

- Integrated the charm of the ice and snow culture, appeared at the 35th Harbin Sun Island International Snow Expo, and created characteristic financial quotient education activities, bringing about a new form of investor education activities in the industry;
- Actively organized Shareholders Are Coming 2023 in Beijing and won awards under all works award categories. A single event had more than 10 million viewers. It was included into Xuexi Qianguo and received strong social response;
- Attended, as a representative of the securities industry, the Launch Ceremony of 2023 "Financial Consumer Protection Education Month" and gave a speech, giving play to its role as a "benchmarking enterprise".



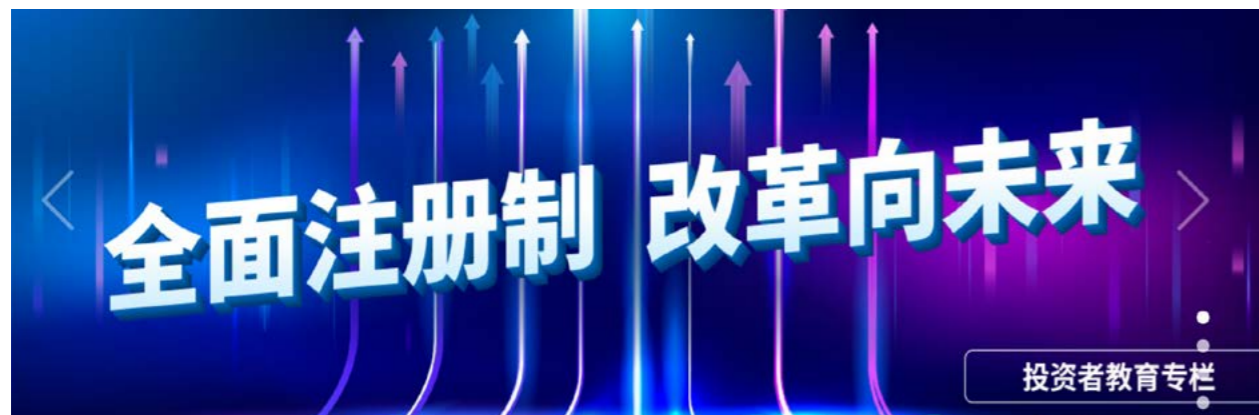
#### Innovated in investor education products

- With business as the orientation and centering around hot issues such as the registration-based IPO system reform, developed various investor education products including knowledge introduction, concept guidance, risk exposure, etc., created "Bring Tangible Benefits to the People" series image-text, and linked the investor education chain and the investor service chain;
- The original audio work "Publicly Offered REITs Knowledge Introduction Series" won "Popular Investor Education Product" of the year of the China Securities Regulatory Commission.



#### Expanded publicity drive

- Continued to expand and maintain new media publicity channels such as the app of Xinhuanet, the "Investor Education Base" applet and Ying Hua Hao, to further expand publicity coverage;
- Innovated in publicity perspectives to guide investors to voice their opinions on their own initiative, carried out the characteristic activity "Voice of CGS - Transmit Investors' Voice", and launched H5 interactive activities including The Registration-based IPO System in Your Opinion.



"Registration-based IPO system" column on the internet investor education base



Organizing the Shareholders Are Coming (2023) Investor Rights Knowledge Contest Beijing



Participating in the launch ceremony of 2023 "Financial Consumer Protection Education Month"

### Causing investor education to be included in the national education system

The Company implemented in depth the guiding principles of the 20th National Congress of the CPC, adhered to the original aspiration of "finance for the people", formulated the Across-the-board Registration-based IPO System Reform for the Future - 2023 Investor Education Activity Plan, and helped investor education efforts produce concrete results.

#### China Galaxy Securities' efforts in pushing investor education to be included in national education in 2023

Built an ideological and political education practice base and creatively held capital market practice courses during the summer vacation with Peking University Law School.



Advanced publishing of teaching materials and held the first Resume Contest & Financial Employment Salon titled "CSG Is Expecting You" with Renmin University of China.

Co-held the Third "Huang Yanpei Cup" Vocational Colleges' Wealth Management Knowledge and Skills Contest with Zhejiang Financial College.

Based on branches' resources, selected industry elites and promoted the building of the lecturer library for national education, providing solid talent support for strengthening the foundation of national education work.

- The Company was rated "Excellent" in the annual evaluation of national-level investor education bases organized by the China Securities Regulatory Commission for the fifth year straight
- Original investor education products won "Popular Investor Education Product" of the year 2022 of the China Securities Regulatory Commission, "Most Popular Investor Education Product Award" of CLS.cn, and "Excellence Award" of Yicai Miaodong Jinrong
- Won seven awards of Shareholders Are Coming 2023 including Best Organizer Award, Top 10 Investor Protection Cases and Popular Video Award
- Won "Special Contribution Award" of the 2022 and 2023 "Huang Yanpei Cup" contests of the China Vocational Education Association
- Won "Excellent Organizer" of the 2022 "Hope Project Happy Ice & Snow - Yinxiaohu Astronaut Program" of the Heilongjiang Youth Development Foundation
- Won "2023 China Securities Industry Jun Ding Award for Investor Education" of Securities Times



Holding capital market practice courses during the summer vacation with Peking University Law School



Holding the first resume contest "CSG Is Expecting You" with School of Journalism and Communication Renmin University of China

# Adhering to diversity, equality and inclusion: creating a sound working environment

Fully aware of the important role of talent, China Galaxy Securities has managed human capital as its most important capital, and built talent competitiveness as its most central competitiveness. Adhering to high-quality “introduction + training”, it has optimized the recruitment model, refined the talent training mechanism, established employee career advancement channels, and put forth effort to cultivate professionals and build a systematic training system.

Responding topics:

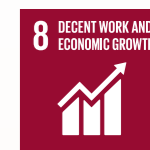


Issued a total of

**989** offer letters to new recruits from social recruitment

Female employees accounted for

**47.26%**



## Safeguarding employees' rights and interests

### Employee diversity and inclusion

China Galaxy Securities attaches great importance to employee diversity and is committed to providing a workplace with inclusion and equal opportunities. The Company has strictly followed applicable laws and regulations in the place of business and formulated relevant policies including the *Management Measures on Employee Recruitment* and the *Implementation Rules of the Labor Contract*, which have specified recruitment principles, process and job requirements. In 2023, the Company was not involved in child labor, forced labor or significant litigation regarding the employment of employees.

#### Employee recruitment and employment management of China Galaxy Securities

##### Recruitment principles

- The Company adheres to the principles of public recruitment, equal competition, comprehensive evaluation and hiring the best candidate, and prevents discrimination because of race, gender, religion, social origin or other factors.

##### Recruitment channels

- Social recruitment and campus recruitment.

##### Hiring

- The Company forbids all illegal employment practices including employment of child labor, forced labor, limiting employees' freedom, etc.
- All hired employees sign the Labor Contract with the Company according to laws and regulations to specify the responsibilities and obligations of the Company and employees.

##### Dismissal

- According to the Implementation Rules of the Labor Contract of the Company, if an employee involves serious violation of the Company's policies and regulations, gross neglect of duty or malpractice, or causes serious damage to the Company, the Company may terminate the labor contract with the employee.

The Company has actively fulfilled its responsibilities as a state-owned enterprise, put maintaining stable employment in a prominent position, and carried out employee recruitment and talent development in a scientific and orderly manner through various measures including optimizing the recruitment mode, intensifying publicity, focusing on key universities, etc.

### 2023

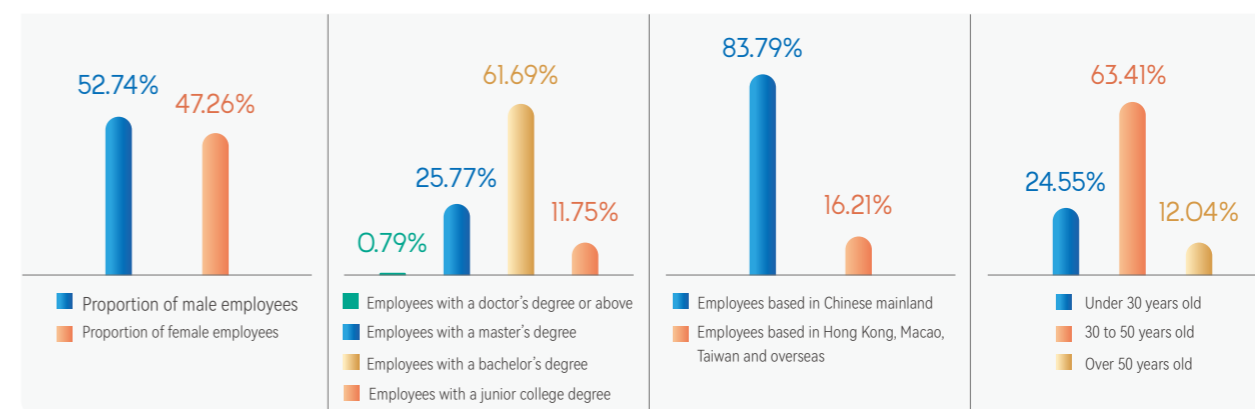


The headquarters of the Company issued **215** offer letters through the campus recruitment channel



The Company issued a total of **989** offer letters to new recruits from social recruitment

#### China Galaxy Securities' performance in employee diversity in 2023



### Employee rights and benefits

The Company has promoted the implementation of the Management Measures on Employee Benefits, the *Management Measures on Attendance and Leave*, etc. to ensure the basic rights and benefits of employees to take days off and have holidays, obtain remuneration of labor and enjoy social insurance and other benefits.

#### Employee rights and benefits of China Galaxy Securities

Working hours and holidays	<ul style="list-style-type: none"> <li>Paid annual leave, maternity leave and other holidays stipulated by law</li> <li>8 working hours a day and 40 hours a week in average</li> </ul>
Remuneration	<ul style="list-style-type: none"> <li>Employee remuneration is comprised of basic salary, allowances, performance bonuses and benefits.</li> <li>Basic salary is the employee's basic income and corresponds to the employee's job level; allowances include management duty allowance, professional and technical allowance, etc. and are supplements to basic salary; performance bonuses are distributed based on evaluation results.</li> </ul>
Mandated benefits	<ul style="list-style-type: none"> <li>Five social insurances and one housing allowance (basic old-age insurance, basic medical (including maternity) insurance, unemployment insurance and work-related injury insurance, and housing allowance)</li> </ul>
Other benefits	<ul style="list-style-type: none"> <li>Supplementary medical insurance, health checkup, health checkup for women, enterprise annuity</li> </ul>

### Democratic communication and participation

The Company has actively promoted democratic communication and management and established and refined the system of the workers' congress. When the Company formulates policies and regulations on salary, benefits, labor security and hygiene, social insurances and other employees' immediate interests, the Labor Union asks employee representatives for advice through the workers' congress or email, cares about and attaches importance to employees' reasonable requirements, and puts forth effort to build a communication bridge between employees and the Company.

In 2023, the Company sought employee representatives' advice on the revision of the *Management Measures on Attendance and Leave (revised in 2023)*, the *Customer Manager Management Measures (revised in 2023)*, the *Labor Contract (revised in 2023)*, the *Remuneration Management Regulations of the Group*, the *Guidelines on Punishment of Employees with Abnormal Practices (Trial)*, the *Management Measures for Employee Benefits (revised in 2023)*, etc.

## Empowering talent development

### Employee training

China Galaxy Securities has managed human capital as its most important capital and built talent competitiveness as its most central competitiveness. It has continuously promoted scientific, policy-based, normative talent training, and established rules for talent team building, gradually building a good environment conducive to talent development.

In 2023, to adapt to business development, the Company revised the *Management Measures for Employee Training* and the *Implementation Rules for Participating in External Training* and further standardized and refined the employee training management system.



#### China Galaxy Securities' employee training work in 2023

<p>Conducted new employee training</p>	<ul style="list-style-type: none"> <li>Integrated new employee orientation training models, standardized the online courses for new employees, added courses on company profile, strategic culture, confidentiality and security, etc., and trained 415 new employees via online courses;</li> <li>Compiled the new employee orientation training handbook to help new employees quickly understand the Company's operation management and main business;</li> <li>Used the online platform "Galaxy Classroom" to adjust training frequency and transitioned from monthly class to "learning anytime anywhere" via online courses;</li> <li>Held two centralized training sessions for new employees; the courses covered company strategy, young talent's growth path and wealth, investment banking, investment, institutional business, international business, compliance &amp; risk control, one-stop office, reimbursement process, etc.</li> </ul>
<p>Conducted management training</p>	<ul style="list-style-type: none"> <li>Organized 20 "World-class International Lecture Hall" online livestreaming training sessions, which trained a total of 318 heads of tier-2 departments of the headquarters of the Company and heads of business departments. The training contents cover corporate governance and strategy management, innovation in business models, global technological innovation, etc.</li> </ul>
<p>Conducted training among employees of branches</p>	<ul style="list-style-type: none"> <li>Based on an in-depth analysis of the training needs of branches, selected specific internal and external training courses for specific branches. The courses cover seven aspects including wealth management, investment banking, investment, collaborative business, compliance &amp; risk control, professional skills, sharing by business mainstays of branches, etc. Provided special support to three branches going to grassroots units to conduct training. Trained 281 business mainstays of branches and new employees who joined branches three years ago.</li> </ul>

#### China Galaxy Securities' training achievements in 2023

In 2023, the Company conducted training in a level-by-level, category-by-category manner. It held a total of **1,445** online and offline training sessions which had **560,044** participants and the training courses had **800,706.62** hours

which:

At the Company level, conducted <b>22</b> training sessions, with <b>1,573</b> participants and <b>55,227</b> hours	At the business department level, conducted <b>989</b> training sessions, with <b>206,328</b> participants and <b>507,900.62</b> hours	The online platform "Galaxy Classroom" held <b>434</b> training sessions, with <b>352,143</b> participants and <b>237,579</b> hours
---	--	---



#### CASE Holding the first session of the "Galaxy New Star Training Camp" in 2023

From June 26 to 29, 2023, the Company held the first session of the "Galaxy New Star Training Camp" in Beijing, which provided three-day face-to-face training and expanded team building for 127 campus recruits from the headquarters and branches.

Based on the characteristics of the employees, the training session set up internal courses like Employees' Career Paths and Interpretation of the Company's Strategies and external courses such as Mindfulness and Professional Quality and Excellent Employees' Workplace Communication Skills.



A group photo of participants of the first session of the "Galaxy New Star Training Camp"

### Employee promotion and development

The Company has formulated the *Post Rank Management Measures*, the *Performance Evaluation Management Measures* and other relevant policies and regulations. In 2023, the Company formulated or revised the *Management Measures for Selection and Appointment of Management Personnel*, the *Management Measures for Evaluation and Remuneration of Senior Management Personnel*, etc. and laid down talent selection criteria, providing institutional guarantee for excellent talent's growth.

The Company has formulated the "green growth channel for excellent employees" system, made the recognition, training and use of excellent young cadres the core project in the building of the cadre team, and refined the competition, transfer, rotation and exchange mechanisms to fully show the effect of positive incentives. The Company has given full play to the role of evaluation, continued to optimize performance evaluation management, and formed an effective closed-loop of planning, implementation, feedback and improvement.

Besides, to improve employees' professional skills and meet their career development needs, the Company has encouraged employees to participate in business learning and professional qualification exams and given employees corresponding incentives. In 2023, the Company revised the *Management Measures for Employee Training*, specifying the reimbursement ways for employees to participate in professional qualification exams, obtain relevant certificates, annual qualification check fees and certificate dues.



## Caring employees

### Employee safety and health

As an enterprise in the financial industry, the Company strictly follows the *Labor Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Infectious Diseases* and relevant laws and regulations, attaches great importance to employees' physical and psychological health and safety, and continuously implements employee health management.

In 2023, the Company attached great importance to employee health checkups and organized gender- and age-specific health check-ups for female and male employees respectively. The coverage of health checkups at the headquarters of the Company reached 98%. Meanwhile, the Company launched the building of the headquarters first-aid system, established an intelligent first-aid system, and built a first-aid volunteer team.

#### China Galaxy Securities' achievements in the building of the first-aid system

##### Established an intelligent first-aid system

Installed 12 first-aid equipment and 128 emergency call QR code Settings in five office buildings of the headquarters of the Company and included intelligent cabinet system into the intelligent first-aid system of the headquarters of the Company, realizing alarm making of abnormal situations in all places and inspection of online status of equipment.



Installed AED first-aid equipment



Sign of Yin Xiao Xia First-aid Team

##### Equipped first-aid equipment

##### Conducted first-aid volunteer training



##### Built a first-aid volunteer team

Made micro-videos of first-aid knowledge, included relevant courses in "Galaxy Classroom", conducted online universal training among all employees, and built the "Yin Xiao Xia" volunteer team.

### Employee care

The Company upholds the "people-centric" philosophy and advocates work-life balance. It has held diverse cultural and sports activities and cared for employees in difficulties and retired employees to strengthen employees' sense of happiness and sense of security.

The Company has formulated the *Management Measures for "Warmth Sending" by the Labor Union Committee of the Company*, which has specified measures for helping employees in difficulties, promoted institutional construction for "warmth sending" or assistance work, standardized the use and management of assistance funds, and intensified assistance to employees with serious diseases.

#### In 2023

On New Year's Day and during the Spring Festival of 2023, provided assistance to a total of

**156** employees including employees in difficulties, female employees who are single mothers and cadres on secondment in poverty-stricken areas

Extended regards to all retired employees on traditional holidays such as Spring Festival, Dragon Boat Festival and Mid-Autumn Festival  
Provided assistance to

**889** retired employees on New Year's Day and during the Spring Festival

Paid **97** visits to sick and hospitalized employees and families of employees who died of illness

and sent **121** congratulations to employees who got married or had a child

The Company carried out a variety of cultural and sports activities through its cultural and sports clubs and labor union teams, including participating in the Fifth Workers' Sports Meeting of the China Investment Corporation system, the First "Zijin Cup" "Sing Loud for a New Era" Chorus Contest of Dongcheng District, Beijing, etc.



The First "Zijin Cup" "Sing Loud for a New Era" Chorus Contest of Dongcheng District, Beijing

# Fulfilling financial responsibilities: sending CGS warmth

Upholding its original aspiration of doing good society through finance, China Galaxy Securities has actively fulfilled its social responsibilities as a state-owned financial enterprise. Starting with availability of financial services, the Company has supported rural revitalization in all respects and engaged in social welfare to send CGS warmth.

Responding topics:



Provided RMB **9.62** million assistance funds free of charge and introduced RMB **30.35** million free assistance funds for rural revitalization

Since 2016, the Company has carried out more than **630** "insurance + futures" projects in more than **260** counties in 26 provinces across China,

which have covered more than **370,000** agricultural businesses



## Promoting financial inclusion

The State Council released the *Implementation Opinions on Promoting the High-quality Development of Inclusive Finance* in October 2023, which has proposed “supporting the sustainable development of micro and small businesses”. China Galaxy Securities has actively responded to the national strategy, by continuing to intensify financial support for micro, small and medium-sized enterprises and helping them ease difficulties by focusing on main services, expanding financing channels, innovating in business models, etc.

### Typical cases of serving micro, small and medium-sized enterprises at China Galaxy Securities in 2023

#### Focused on main services

- Galaxy Capital, through its Jingning Revitalization Fund, completed a total of RMB27.5 million of investment in three micro and small businesses based in Jingning County, those are, Hengda Environmental Protection, Miaomei Agricultural and Forestry Technology and Xiongkang Animal Husbandry.

#### Expanded financing channels

- Participated, as the leading lead underwriter, in the issuance of “2023 Special Financial Bonds of Loans for Micro and Small Businesses of Yaan City Commercial Bank Co., Ltd.”. The RMB500 million of funds raised from the issuance will be used to increase credit injection in micro and small businesses.

#### Innovated in business models

- Through the investment consulting service mode of “serving local finance and optimizing resource allocation”, assisted in analyzing RMB20 billion position assets of Rural Commercial Bank of Rudong, to help it hedge against revenue decline brought by narrowed net interest margins of banks.
- Developed the “market making + wealth management” linkage model, the first of its kind, and conducted bond lending-based market making for SDIC Micro, the first bond lending-based market making business on the Science and Technology Innovation Board, to support stable and healthy development of micro, small and medium-sized enterprises;
- Created the CDS product in the tourist spending field. The project directly benefited 15 micro, small and medium-sized enterprises in the tourist spending field and added drive to the development of tourism.



2023 Special Financial Bonds of Loans for Micro and Small Businesses of Yaan City Commercial Bank Co., Ltd.



### CASE Holding the “520 Love in CGS” livestreaming event

On May 20, 2023, the Company held the Fourth “520 Love in CGS” livestreaming event. Themed by serving national strategies and centering around “innovation-oriented development and collaborative inclusion”, it shared the Company’s measures and achievements in serving national strategies.



“520 Love in CGS” livestreaming event

Besides, based on wealth management, the Company has focused on inclusive finance and effectively met the wealth value preservation and appreciation needs of small and medium-sized investors by continuously developing new product types, optimizing SSE and SZSE repo business, rolling out income documents, etc.

### China Galaxy Securities’ service measures for small and medium-sized investors in 2023

Continued to innovate in and enrich inclusive finance products. The number of new accounts increased by **24.9%** year on year, customer assets increased by **20.7%** year on year and the volume of inclusive finance products held recorded RMB **146.417** billion, at the top of the market;

Deepened SSE and SZSE repo business. The product SSE “Tian Tian Li” ranked 1st on the market for the tenth year straight, and SZSE “Ji Zi Lai” grew by nearly **20** times over the past three years

Issued “Shanghai Jin” linked income documents for the first time with an annualized return of **5%**, to provide stable returns to small and medium-sized investors

## Promoting rural revitalization

China Galaxy Securities has actively responded to the call of "advancing rural revitalization across the board". With providing assistance to designated regions including Jingning County in Gansu Province ("Jingning County") and Yulu New Village in Dongming County, Shandong Province ("Yulu New Village") as its priority, the Company has focused on "holding the bottom line, assisting in development, promoting revitalization and strengthening support", enhanced organizational leadership, increased fund input, urged all staff to participate, and taken a combination of solid measures to advance assistance to rural revitalization.

In 2023, the CPC CGS Committee made arrangements for assistance work 12 times, to ensure adequate fund support, human resources support and organizational guarantee.

### China Galaxy Securities' rural revitalization measures in 2023

In 2023, the Company provided RMB9.62 million assistance funds free of charge and introduced RMB30.35 million free assistance funds, including:

<p><b>Industry assistance</b></p>	<ul style="list-style-type: none"> <li>• Provided assistance in the construction of the beef cold chain infrastructure project and the Beidou ecological agricultural pasture project in Jingning County;</li> <li>• Implemented the apple "insurance + futures" project in Jingning County for the sixth year straight and actively carried out the egg "insurance + futures" pilot project. The insurance coverage in 2023 was 121,500 tons for 19,000 farmer households;</li> <li>• Implemented the live hog "insurance + futures" project in Shibing County, Guizhou Province for the second year straight. Provided insurance coverage for 8,042 live hogs from 10 pig farmers, 1 cooperative, and 1 micro/small business.</li> </ul>
<p><b>Talent assistance</b></p>	<ul style="list-style-type: none"> <li>• Dispatched 5 cadres on secondment to Jingning County and conducted rural revitalization training among 6,746 participants;</li> <li>• Dispatched 1 First Secretary to Yulu New Village.</li> </ul>
<p><b>Cultural assistance</b></p>	<ul style="list-style-type: none"> <li>• Provided assistance to the "Send the Voice of the Party to Households" project in Jingning County by fully equipping 758 villager groups in 12 villages and towns with a rural broadcasting system.</li> </ul>
<p><b>Ecological assistance</b></p>	<ul style="list-style-type: none"> <li>• Implement the rural revitalization demonstration village construction project in Yangju Village, Gangou Town, Jingning County, and Yegou Village, Shuangxian Town, Jingning County, and Yulu Xin Village Town;</li> <li>• Implemented the rural ecological and environmental management project in Yingyeer Village, Maigaiti County, Xinjiang.</li> </ul>
<p><b>Organizational assistance</b></p>	<ul style="list-style-type: none"> <li>• Carried out the business training program on promoting rural revitalization through Party building in Jingning County, which trained 3,068 rural grassroots cadres;</li> <li>• Provided assistance to the construction of Party-masses activity centers, cultural squares and supporting facilities in Yulu New Village;</li> <li>• 108 primary-level Party organizations of the Company paired up with 48 primary-level Party organizations of Jingning County and the CPC Committee of Yulu New Village to carry out Party building activities.</li> </ul>
<p><b>Assistance concerning people's wellbeing</b></p>	<ul style="list-style-type: none"> <li>• Implemented the rural education assistance program, the women's assistance program, the employment and startup assistance program, etc. in Jingning County;</li> <li>• Provided assistance to the property management team in Yulu New Village;</li> <li>• Carried out education assistance activities in Mahao Town Central Elementary School, Shibing County, Guizhou Province;</li> <li>• Implemented the medical assistance program in Xinghe County, Inner Mongolia.</li> </ul>



Holding the Launching Ceremony of the Apple "Insurance + Futures" Project



Pairing up with the Party branch of Yangju Village, Jingning County to carry out Party building activities



Supporting the construction of a demonstration village for rural revitalization - Yangju Village, Gangou Town, Jingning County



Giving grants to women with cervical cancer and breast cancer in Jingning County

Since 2016, the Company has carried out more than **630** "insurance + futures" projects in more than **260** counties in **26** provinces across China, which have covered more than **370,000** agricultural businesses.

In 2023, the Company's experiences and practices in providing assistance to Jingning County were promoted in a special issue of the Rural Revitalization Bulletin of the National Rural Revitalization Administration, and relevant case won awards such as "Best Practice of Rural Revitalization" of the China Association for Public Companies, Excellent Case of "Empowering Rural Revitalization, Building an Agricultural Power" of the China Agricultural Film and Television Center, and "Excellent Case of Rural Revitalization" of the Capital Market Public Welfare Alliance.



The Company's experiences in providing assistance to industries won Best Practice of Rural Revitalization of the China Association for Public Companies

### Contributing to public undertakings

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

In 2023, the Company continued to give play to the role of finance in doing good to society and fulfilled public welfare responsibilities in community service, teenager education, charity donation, helping people with disabilities integrate into the world, environmental protection, etc.



Organizing the "Xingshan Program" public welfare summer camp



Participating in the 2023 We+ Beijing Charity Long-distance Walking for Disabled and Healthy People



CGS-CIMB and the Indonesian environmental protection organization Seasoldier co-organize the river cleanup



CGS-CIMB visits a care center for the aged in Malaysia



Donating RMB1 million to the Beijing Fengyi Futai Cooperation and Development Foundation



CGS-CIMB South Korea's "Make Safety Umbrellas for Children" campaign



CGS-CIMB and a Singaporean social welfare institution launch the program for financial literacy promotion and support for vulnerable groups



CGS-CIMB gives lectures on financial anti-fraud to seniors in Singapore

# Laying a solid foundation for enterprise development: strengthening CSG governance

As a state-owned securities company, China Galaxy Securities has always adhered to guiding corporate governance through Party building. It has promoted deep integration of the Party's leadership and corporate governance, intensified culture building, kept improving corporate governance, strengthened comprehensive risk management, and strictly implemented compliant operation.

Responding topics:



Formulated and revised

**203** policies

The Board of Directors has

**10** members

among whom there are

**4** independent directors

**3** female directors

Continued to obtain Type A Class AA in the evaluation of culture building practices of the securities industry

Carried out

**11** sessions of "Clean CGS" action series courses



## Guiding corporate governance through Party building

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

In 2023, the Company put in place the "First Topic for Discussion" and central group learning system of the Party Committee, formulated the Plan for Studying, Spreading and Implementing the Guiding Principles of the Central Financial Working Conference, and continued to standardize the research and discussion work of the Party Committee. Meanwhile, the Company revised the list of major issues of the Company requiring reporting, refined the mechanism for implementing the major decisions and plans of the CPC Central Committee, and established the "headquarters - grassroots" two-layered joint work advancement system, to promote integration of the Party's leadership into every link of corporate governance.

In 2023, the Company firmly fulfilled political responsibilities, strictly conducted audits and remediation, creatively launched the "Party Group+" Party building brand, and continued to promote the building of primary-level Party organizations. It also improved the Party building evaluation system, and strengthened education and training of various themes among Party members and cadres, to enhance the role of Party building in guiding corporate governance.



Holding the training class for newly appointed secretaries of primary-level Party organizations



Organizing the capability enhancement training class for discipline inspection committee members of primary-level Party organizations

### As at the end of 2023



Had **8** primary-level Party committees



Had **29** Party branches and 356 primary-level Party branches



and **356** primary-level Party branches



had a total of **3,623** Party members

### In 2023



Received **134** probationary Party members



and **142** probationary Party members became a full member of the Party



Completed two sessions of full-coverage Party organization training among **10,459** employees in primary-level units

four sessions of training for **264** secretaries of primary-level Party organizations



and 12 sessions of training for **296** cadres at all levels of the Company

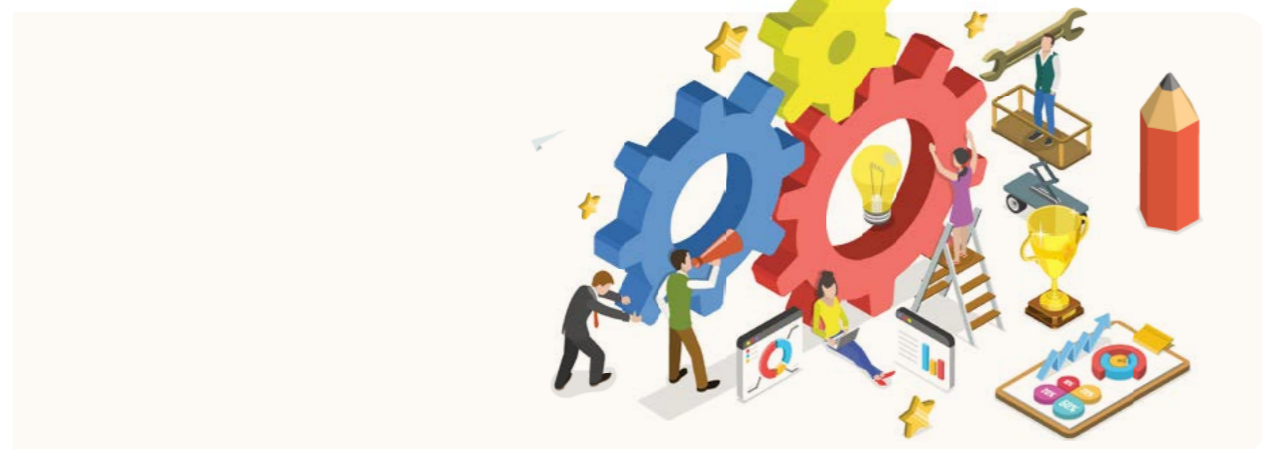
## Strengthening culture building

A sound cultural system is the foundation and source of power of the healthy, high-quality, stable and long-term development of the securities industry. China Galaxy Securities has used the Ten Elements of Culture Building in the Securities Industry as the guidance for culture building, practiced the culture of the securities industry of being compliant, honest, professional and steady, and advanced its corporate culture building with high standard, high level and high efficiency.

Organizational system for culture building of China Galaxy Securities



In 2023, the Company actively responded to the initiatives of the Securities Association of China, formulated the *Work Plan for Practicing in Depth the Maxims of Honor and Disgrace of the Securities Industry*, and laid down implementation measures for key tasks. It organized and held the "Keep in Mind the Maxims of Honor and Disgrace, Carry Forward Healthy Trends, and Take Actions" learning and publicity campaign on the maxims of honor and disgrace targeting all workers of the securities industry. It also collaborated with the industry association and regulators in creating a clean development ecosystem, by conducting cultural survey and self-assessment and actively participating in the culture building of the industry.



## China Galaxy Securities' major culture building efforts in 2023

- The CPC CGS Committee studied, laid down and made overall planning for the general direction and strategy for corporate culture building, formulated and implemented the *2023-2025 Action Plan for the Corporate Culture Strategy of China Galaxy Securities Co., Ltd.*, the *Action Plan on Implementing the Work Arrangements for Further Consolidating and Advancing the Culture Building of the Securities Industry*, and the *2023-2025 Culture and Brand Building Plan*.
- Conducted in depth the assessment on the quality and efficiency of corporate culture building; more than 6,000 employees of the Company participated in the questionnaire survey.
- Prepared the *2022 Annual Report of China Galaxy Securities on Culture Building Practices*, showing the Company's achievements, characteristics and typical cases in corporate culture building to the industry.
- Organized and conducted self-assessment of culture building practices.
- Participated in the discussions and communication of the Industry Culture Building Committee and the themed training and lectures on culture building and clean practice of securities companies.
- Participated in the drafting of several industry self-discipline rules and norms and the assessment and test propositions of securities industry workers' capabilities; participated in the preparation of the *Report on Securities Companies' Performance of Social Responsibilities* for the seventh year straight.

## In 2023

**2** characteristic cases of the Company about culture building and Party building were included into the Securities Association of China's annual report on the culture building of the securities industry; **6** cases of Party building and culture building were promoted to universities and were included into **3** universities' case libraries; **5** articles about experiences and achievements in culture building and **4** theoretical research articles on capital markets were published in central media, helping the industry build a good reputation and image.

Won four provincial or ministerial honors and won several culture building awards including "2021-2022 Excellent Unit of Culture Building in the National Financial System" "Golden Bull Award for Culture Building of Securities Companies" and "2023 Excellent Corporate Culture Building Case".

Continued to obtain Type A Class AA in the evaluation of culture building practices of the securities industry.



## Improving corporate governance

### Corporate governance structure

With the goal of establishing an "excellent, sound, efficient" corporate governance mechanism and strictly in accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, the *Listing Rules of the Stock Exchange of Hong Kong*, and other relevant laws and rules, China Galaxy Securities has set up the corporate governance structure comprising Shareholders' General Meeting, the Board of Directors, the Supervisory Committee and the Executive Committee and formed a coordinated, balanced corporate governance system with clearly defined powers and responsibilities.

#### Composition of the Board of Directors and the Supervisory Committee of China Galaxy Securities and related meetings held in 2023

Composition of the Board of Directors <sup>1</sup>	Relevant Meetings held in 2023
10 Directors including:	2 shareholders' general meetings, 13 items discussed
2 Executive Directors	11 Board of Directors meetings 40 items discussed
4 Non-executive Directors	19 meetings of the special committees under the Board of Directors 45 items discussed
4 Independent Non-executive Directors	
3 female Directors	5 Supervisory Committee meetings 17 proposals discussed and approved
<b>Composition of the Supervisory Committee</b>	
5 Supervisors including: 2 employee Supervisors	

Note: The Composition of the Board of Directors is as of the release of the Report.

In 2023, based on regulatory requirements and the Company's realities, the Company revised the *Articles of Association*, the *Management System for Norms and Related Party Fund Transactions*, and the *Measures for Management of Raised Funds*, refining the system of corporate governance policies and regulations.

The Company adopts the diversity policy with respect to members of the Board of Directors. The members of the Board of Directors have professional competence in financial management, risk management, etc. as well as abundant working experiences in the industry, thus effectively ensuring the decision-making accuracy and scientificity of the Company. Meanwhile, the Company has well-functioning employee director and employee supervisor mechanisms to make sure that employees enjoy full rights in corporate governance.

### Safeguarding investors' rights and interests

Attaching great importance to protecting investors' rights and interests, the Company has clearly defined shareholders' rights in the Articles of Association and the Investor Relations Management System, ensured shareholders', especially minority shareholders' right to know, and treated all shareholders equally. In 2023, the Company strictly followed laws and regulations and regulatory provisions and disclosed information in an authentic, accurate, complete and timely manner, to make sure that investors are informed of the significant matters of the Company in a timely manner and protect investors' rights and interests to the greatest extent.

The Company has attached great importance to carrying out investor reception and communication activities of different forms to facilitate interactive development between investor relations management and business. The Company has designated special personnel to carry out investor relations activities, set public email and public telephone number, and conducted routine management of investor communication. Meanwhile, it has tracked SSE E-interactive, replied to investors' questions in a timely manner, and held performance presentations after releasing periodical reports.

In 2023, the Company managed investor relations activities, which include routine, periodical and dynamic activities, on a category-by-category basis, organized three performance presentations facing all investors, and gathered domestic and overseas analysts and held two large survey meetings and 27 small survey meetings with them.

Attaching great importance to reasonable return on investment to investors, the Company has implemented a stable profit distribution policy. Meanwhile, in 2023, the Company paid principles with interests for all matured bonds, and interests for unmatured other bonds, effectively ensuring creditors' benefits.

#### In 2023

released **345** A-share and H-share announcements

cash dividends to be distributed to investors were RMB **2,405,568,496.32** (tax inclusive). The profit distribution plan for 2023 was reviewed and approved at the 25th Meeting of the 4th Board of Directors of the Company and is to be reviewed and approved by the shareholders' general meeting of the Company.



## Comprehensive risk management

China Galaxy Securities has seen risk management capability and level as important tools to strengthen core competitiveness, upheld the philosophy that risk management creates value and risk management should be placed in a more prominent position, and continuously pushed for the improvement of the “penetrating, full-coverage” comprehensive risk management system.

In accordance with the *Securities Law*, the *Comprehensive Risk Management Standard for Securities Companies*, the *Measures for Management of Risk Control Indicators of Securities Companies* and other relevant laws and regulations, the Company has formulated the *Comprehensive Risk Management Policy*, the *Market Risk Management Measures*, the *Liquidity Risk Management Measures*, etc., and refined the corporate risk management system. It has established the upper mechanism of the organizational system for risk management with the Board of Directors, the Supervisory Committee and the operation management layer as its main body, set up the primary-level mechanism of the organizational system for corporate risk management based on the “three lines of defense”, included the risk management of subsidiaries into the unified system, and carried out vertical management of their risk management work.

In 2023, the Company continued to refine the system of risk management policies and the management indicator system, further improved risk management efficiency with digital drive, strengthened technical capacity building for risk management, organized and held risk management training, to enhance employees’ risk management and responsibility awareness.

### Key measures taken by China Galaxy Securities in comprehensive risk management in 2023

#### Refined the system of risk management policies

- Continued to refine the level-to-level risk management policies system that covers all types of services, risks and risk management procedures, to make sure that risk management policies, standards and requirements are standardized through the system.

#### Improved the risk management indicator system

- Based on development strategy, business objectives and regulatory requirements, established a risk appetite system, determined risk types and risk levels, and defined the Company's risk management goals and risk tolerance.
- Established and constantly deepened the vertical risk management mechanism for subsidiaries, built the “1+5+2” vertical risk management system, formulated corresponding risk management solutions for five subsidiaries and two sub-subsidiaries based on the unified basic mechanism, and implemented differentiated risk management.

#### Pushed for technical capability building for risk management

- Centering around the goals of “online data use, intelligent measurement, systematic management and risk visualization”, deeply integrated the risk data assets of the parent company and subsidiaries, promoted integrated management and construction of risk data requirements, models, quality and services, continued to refine risk data requirements, built basic data models, and solved data quality problems.
- Continued to increase R&D input, established and put into operation the next-generation risk management systems for market risk, credit risk and risk warning, independently developed several risk management modules, further optimized the functions of specialized risk management systems, and completed the building of the unified platform of risk management portals.

#### Conducted risk management training

- Held “Intelligent Sharing Platform on Risk Management” series sharing events, gave lectures on key areas of risk management to business departments, and actively conducted internal and external communication on specific areas such as risk warning system, building of risk data marts, environmental and climate risk management, etc.



#### CASE Organizing and holding the training on self-assessment work of subsidiaries to strengthen their risk management

In March 2023, the Company organized Galaxy Capital and Galaxy Derivatives to hold operational risk and control self-assessment (RCSA) training. A total of 10 personnel of the risk management headquarters of the Company and relevant personnel of the risk management departments of Galaxy Capital and Galaxy Derivatives, participated in the training on the spot or online.



At the RCSA training



#### CASE Conducting workshop on environmental and climate risk management

In 2023, the Company cooperated with third-party professional consulting institutions to jointly carry out a special seminar focusing on environmental and climate risk management, focusing on the latest regulatory trends, cutting-edge trends and management practical experience of climate risk management, in-depth discussion and exchange of environmental and climate risk stress testing methods, carbon emission calculation mechanism and rating tools.



In December 2023, the Company won "Sustainable Development Risk Control Award" at the Caijing Sustainable Development Forum & Evergreen Awards Ceremony

## Prudent and compliant operation

### Compliant operation

The Company has strictly observed the Securities Law of the People's Republic of China, the Supervision and Management Regulations of Securities Companies, the Compliance Management Measures of Securities Companies and Securities Investment Fund Management Companies and other relevant laws and regulations, and formulated the Compliance Management Regulations, the Implementation Rules for Management of Conflicts of Interest, etc. It has constantly refined the compliance management system for business lines, systematically established and improved the penetrating compliance management regulations system for subsidiaries in line with the principles of "level by level and penetration", and strengthened standard management. In 2023, the Company had no significant violation of laws or regulations in compliant operation.

#### Organizational system for compliance management of China Galaxy Securities

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

#### Key measures taken by China Galaxy Securities in compliance management in 2023

<b>Refined compliance management policies and regulations</b>	<ul style="list-style-type: none"> <li>In terms of wealth and credit business compliance management, revised 11 business rules and regulations including the Management Measures for Securities Margin Trading Business.</li> <li>Promoted "standardized and normalized" compliance management, and improved the performance efficiency of compliance management personnel at all levels through compliance management tools, compliance audit standards, compliance inspection papers, compliance monitoring indicators and compliance assessment procedures.</li> </ul>
<b>Strengthened compliance management of subsidiaries</b>	<ul style="list-style-type: none"> <li>Mechanism building: strengthened management of subsidiaries by standardizing the subsidiary governance procedures and deliberating on significant matters. The parent company is responsible for reviewing subsidiaries' basic compliance management policies and regulations, and subsidiaries perform their internal approval procedures according to the policies and regulations after such review.</li> <li>Personnel management: conducted the annual compliance assessment of subsidiaries and compliance directors of subsidiaries according to the annual compliance assessment plan of the Company, and strengthened accountability of personnel who failed to perform their compliance management duties adequately.</li> <li>Reporting mechanism: surveyed, oversaw and inspected the compliance management work of subsidiaries and the compliance of their operation and management behaviors regularly or irregularly, and urged them to make improvement or remediation. After learning that a subsidiary has a major compliance risk event, the Chief Compliance Officer will promptly report to the Board of Directors, the Supervisory Committee and main operation management members according to the regulations of the Company.</li> <li>Compliance training: held "Exchange Forum on Management of Overseas Subsidiaries of CGS", organized training on new regulatory requirements, advised domestic and overseas subsidiaries to pay close attention to and strictly abide by regulators' requirements for domestic and overseas institutions.</li> </ul>
<b>Refined conflict of interest management</b>	<ul style="list-style-type: none"> <li>Continued to improve the functionality of the information wall system, and completed special inspections of the wall on key business lines to ensure compliance with information flow and avoid conflicts of interest;</li> <li>Embed the conflict of interest management mechanism into the business process and system, increase posts and personnel allocation, strengthen the identification, evaluation and management measures of conflict of interest, and strictly implement the avoidance system;</li> <li>Conducted regular verification of staff's securities investment behavior and account review.</li> </ul>
<b>Advanced the building of a compliance culture</b>	<ul style="list-style-type: none"> <li>Released four quarterly issues of the compliance journal <i>CGS Compliance Window</i> and organized the Public-welfare Health Run of the Chinese Securities Industry for Raising Awareness of Preventing Illegal Securities.</li> <li>Carried out "2023 Compliance Training Year" and launched 41 compliance training courses in CGS Compliance Classroom. The training courses involved various business lines including wealth management, proprietary business and research. As at the end of 2023, the courses were played more than 230,000 times within the whole CGS system.</li> </ul>



#### CASE Organizing the Public-welfare Health Run of the Chinese Securities Industry for Raising Awareness of Preventing Illegal Securities to strengthen compliance culture building

In May 2023, the Company organized departments to hold the online and offline activities of "Running China • 2023 Public-welfare Health Run of the Chinese Securities Industry for Raising Awareness of Preventing Illegal Securities • Beijing Stop". The offline activity was held in the national-level shrine for running - Beijing Olympic Forest Park, and more than 500 participated in the activity; and 15,400 signed up for the online activity and 107,700 participated. The total mileage of the heath run was 65,300 kilometers. The people finishing the run were from 271 cities of 30 provinces, municipalities directly under the central government or autonomous regions. With concerted efforts, the activity produced remarkable publicity effect.



2023 Public-welfare Health Run of the Chinese Securities Industry for Raising Awareness of Preventing Illegal Securities



**CASE** Holding case prevention and warning series publicity activities to continue to strengthen employees' case risk prevention awareness

In 2023, the Company held "case prevention and warning series publicity season activities". Based on the characteristics of securities business, trends of judicial decisions, securities regulators' concerns and the potential risks of the Company's business, the Company released 11 issues of case warning publicity contents that cover seven major business areas including investment consulting, asset management and investment banking, as well as high incidence criminal cases in the industry.

**Business ethics and anti-corruption**

China Galaxy Securities has strictly abode by the Securities Law of the People's Republic of China, the Regulations on Clean Practice of Securities and Futures Traders and Their Workers, the Prevention of Bribery Ordinance and other relevant regulations and regulatory self-discipline regulations and has formulated the Regulations on Clean Practice, etc. to urge the Company and employees to observe professional ethics and prevent the risk of corruption.

The Company has established the organizational structure for clean practice management. The Board of Directors is responsible for the effectiveness of clean practice management, specifies the clean practice responsibility requirements of personnel at other levels, and establishes the leading group for supervision and collaborative work to take the lead in overseeing the implementation of clean practice by the business lines and departments of the headquarters, branches and staff of the Company.

In 2023, the Company advanced the building of a "Clean CGS" culture in depth, developed the "three-step" plan to build a "Clean CGS", and included it into the Company's strategic planning. The Company promoted stable and sustainable operation of its business by refining the day-to-day management system, conducting specific self-inspections and self-assessments, strengthening supervision of employee behaviors, advancing training on clean practice, etc.

**Key measures taken by China Galaxy Securities in clean practice management in 2023**

<b>Refined the personnel management system</b>	<ul style="list-style-type: none"> <li>Included clean practice assessment into the personnel management system, initiated and improved financial management and marketing campaign management, standardized the behaviors of third parties hired by investment banking business, took series measures to establish and refine policies and working mechanisms aimed to prevent conflicts of interest, strengthened examination of conflicts of interest in investment banking business, fully embedded clean practice management into day-to-day operation management, and included integrity risk into comprehensive risk management.</li> </ul>
<b>Conducted assessment and self-inspection</b>	<ul style="list-style-type: none"> <li>Conducted integrity risk screening and assessment and clean practice self-inspection; members of the leading group of collaborative supervision performed their respective duties and included clean practice contents into supervision and inspection through routine inspection, internal auditing, risk screening, etc. respectively.</li> </ul>
<b>Strengthened behavior supervision and inspection</b>	<ul style="list-style-type: none"> <li>Strengthened supervision and inspection of Party members' clean practice, continued to intensify accountability, and advanced the building of an environment in which employees do not dare to, cannot and do not want to be corrupt.</li> <li>Actively built an internal control culture and philosophy with "not touching red lines, not stepping in gray areas, not taking advantage of loopholes, and holding accountable any violation" as its basis, continued to optimize the employee accountability mechanism and process, and seriously punished employees with violations.</li> </ul>
<b>Advanced clean practice training</b>	<ul style="list-style-type: none"> <li>Established the "Galaxy Classroom" platform that covers all personnel (including directors) of the CGS system, carried out the "Clean CGS" action, and released series courses.</li> <li>Conducted clean practice training for bond financing business and asked employees of relevant business departments of the Company to take part, to promote stable and long-term development of the investment banking business of the Company.</li> </ul>



11 sessions of "Clean CGS" action series courses



Through "Galaxy Classroom", holding the training on interpretation of the Implementation Rules of Clean Practice by Securities firms and Their Staff.

**Supplier management**

The Company is a financial enterprise and its suppliers mainly include IT software and hardware manufacturers, property management service providers, suppliers of office supplies and audit service providers. In 2023, the Company's procurement involved 234 suppliers, 71% of whom were distributed in Beijing, Shanghai and Shenzhen.

The Company has strictly followed the Procurement Law of the People's Republic of China, the Law of the People's Republic of China on Bid Invitation and Bidding and other relevant laws and regulations and formulated relevant regulations including the Procurement Management Regulations to improve the compliant operation efficiency of procurement and standardize supplier management.

In 2023, the Company revised the Centralized Procurement Management Measures, improving the provisions on the centralized procurement activities of the Company, refining the responsibilities of departments responsible for procurement, and requiring giving priority to energy-saving and environmentally-friendly products during centralized procurement. The Company conducted market survey to gain a full understanding of suppliers' environmental and social risks, selected, assessed and periodically reviewed suppliers, strictly monitored and prevented commercial bribery, and established a supplier blacklist in the procurement system.

In 2023, the Company made procurement information public and transparent, adhered to the principles of fairness and equity toward suppliers, and released announcements on all procurement results on its official website in a timely manner.

## Anti-money laundering

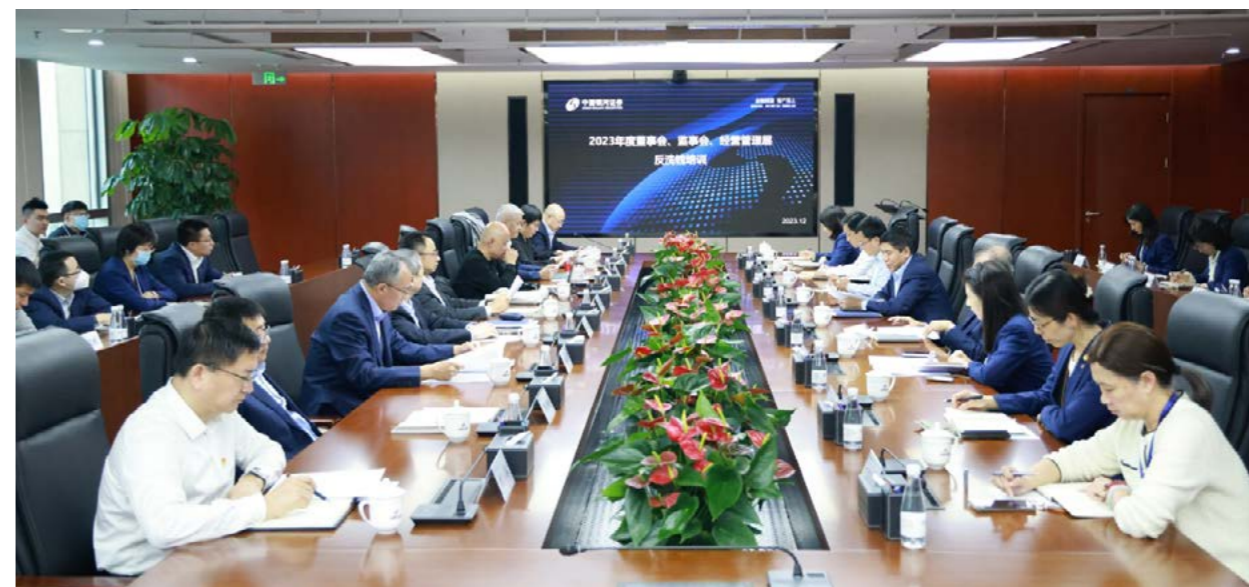
China Galaxy Securities adheres to the “risk-based” management principle and strictly abides by applicable laws and regulations and regulatory provisions. It has formulated the *Anti-money Laundering and Counter-terrorist Financing Management Regulations*, the *Implementation Rules of Management of Customer Transaction Behaviors*, the *Guidelines on Punishment of Employees with Abnormal Practices (Trial)*, etc., established an anti-money laundering (AML) management structure comprising the leading group for AML work, the AML team and compliance managers, and continued to standardize the money laundering related management system.

In 2023, the Company revised the *Implementation Rules of Money Laundering and Terrorist Financing Risk Self-assessment*, put in place AML tasks, and improved the Company’s AML risk prevention capability.

In 2023, the Company continued to push for AML work, spread the money laundering risk management philosophy, fostered an AML compliance culture, strengthened AML training and education, and advanced AML management in various respects. In 2023, the Company had no money laundering related violations.

### Key AML measures taken by China Galaxy Securities in 2023

<b>Deepened AML compliance management</b>	<ul style="list-style-type: none"> <li>Added one position for abnormal transactions and one compliance monitoring position and strengthened unified management of the headquarters of the Company;</li> <li>Strengthened technical system support, pushed for collaboration between the headquarters and branches and between departments, effectively implemented AML work including customer identification, customer money laundering risk classification and management, etc.</li> </ul>
<b>Took punitive measures</b>	<ul style="list-style-type: none"> <li>Dynamically assessed monitoring indicators of suspicious transactions, conducted monitoring of all services through the system and offline monitoring combined form, promptly reported suspicious transactions to China Anti-money Laundering Monitoring and Analysis Center, etc., and took control measures that match customer risk.</li> </ul>
<b>Continued to strengthen AML training</b>	<ul style="list-style-type: none"> <li>Based on external regulatory changes and internal job priorities, conducted a total of 23 AML training sessions, and held the 2023 AML training for all employees through Galaxy Classroom.</li> <li>Conducted 2 themed training sessions for the Board of Directors, the Supervisory Committee, the operation management layer and members of the leading group for AML work.</li> <li>Conducted 18 training sessions targeting all employees, new employees, personnel in AML positions, business personnel, etc., and the training contents covered monitoring and analysis of suspicious transactions, money laundering risk self-assessment and other targeted special trainings.</li> <li>Personnel in AML related positions at the headquarters of the Company participated in three AML training sessions organized by China Financial Training Institute and the People’s Bank of China Zhengzhou Training Institute.</li> </ul>
<b>Conducted AML publicity</b>	<ul style="list-style-type: none"> <li>Based on securities money laundering and relevant criminal cases, produced AML publicity materials including posters, videos and folds, and held the centralized publicity month themed by “CGS Active in AML”, totally organizing more than 220 publicity activities, which had attendance of nearly 1.7 million and distributed more than 60,000 pieces of publicity materials.</li> <li>Two AML management cases were included in the collection of cases compiled by the Anti-money Laundering Bureau of the People’s Republic of China.</li> </ul>



Conducting the 2023 AML training

## Intellectual property protection

The Company has strictly abode by the Patent Law of the People’s Republic of China, the Copyright Law of the People’s Republic of China, the Trademark Law of the People’s Republic of China and other relevant laws and regulations and formulated the *Implementation Rules of Management of We Media*, the *Implementation Rules of Quality Review of Securities Research Reports*, etc., to standardize the management and protection of the intellectual property of the Company.

The Company formulated and issued the *Notice on Standardizing the Use of Words in External Publicity of the Company*, to protect the Company’s intellectual property according to law and avoid infringing on others’ intellectual property rights. In 2023, the Company had no major lawsuits concerning intellectual property.

### Key intellectual property protection measures

<b>Avoiding infringing on others’ intellectual property rights</b>	<ul style="list-style-type: none"> <li>Urging employees to use copyrighted software;</li> <li>Shall not use the company name or trademark name that has been registered in China by others, or harm the interests of the nation, society or the public;</li> <li>When preparing a securities research report, shall not copy others’ works, theses or other securities analysts’ research results, and add a note when quoting others’ works, theses or research results in the securities research report;</li> <li>Annotating or obtaining authorization when reprinting others’ contents;</li> <li>Without authorization, shall not freely use the network or other channels of the company does not enjoy the corresponding intellectual property rights or use rights of “materials”, including but not limited to text (including special fonts), pictures, art, photography, music, film works, etc.</li> </ul>
<b>Protecting the Company’s intellectual property rights</b>	<ul style="list-style-type: none"> <li>Establishing a professional legal team and actively registering trademarks;</li> <li>requiring the inclusion of a clause on the ownership of intellectual property when signing service contracts with intermediary agencies.</li> </ul>

## ESG Performance Data

### Economic Performance

#### Economic Performance Indicators

Indicator	Unit	2021	2022	2023
Income from main business	RMB	35,983,985,285.28	33,641,993,399.99	33,644,082,792.61
Total profit	RMB	12,791,012,234.77	7,970,866,785.38	8,133,648,494.72
Total assets	RMB	560,135,032,623.76	625,222,928,196.19	663,205,297,156.44
Basic earnings per share	RMB	0.97	0.70	0.67
Social contribution per share	RMB	---	2.48	2.39

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

### Environmental performance

#### Waste Management Performance Indicators<sup>1</sup>

Indicator	Unit	2022	2023	
Hazardous waste	Quantity of discarded electronic products	piece	0	510 <sup>2</sup>
Total non-hazardous waste generation		ton	83.02	93.01
Non-hazardous waste <sup>3</sup>	Toner cartridges	ton	0.5	0.4
	Ink cartridges	piece	113	83
	Office paper <sup>3</sup>	ton	16.16	17.36
	Kitchen waste	ton	33.36	31.25
	Domestic waste <sup>4</sup>	ton	33.00	44.00

Note 1: The caliber of waste management performance statistics is the caliber of the headquarters of China Galaxy Securities.

Note 2: In 2023, the Company processed a large number of obsolete computers from both the current and previous years, resulting in an increase in the amount produced.

Note 3: The amount of toner cartridges and office paper waste were estimated according to the purchase volume of China Galaxy Securities headquarters. The amount of kitchen waste and household waste was estimated according to the property garbage clearance volume of China Galaxy Securities headquarters. Due to the replacement of the company's property, the classification standard of household waste has changed, so the amount of household waste discarded in 2022 is re-estimated.

### Environmental performance

#### Greenhouse Gas Emissions and Energy Use Performance Indicators<sup>1</sup>

Indicator	Unit	2021	2022	2023
Total GHG emissions (Scope 1 and Scope 2)	ton of CO <sub>2</sub> equivalent	17,811.86	18,996.27	21,099.45
Scope 1 GHG emissions <sup>2</sup>	ton of CO <sub>2</sub> equivalent	660.31	652.07	861.16
Scope 2 GHG emissions <sup>3</sup>	ton of CO <sub>2</sub> equivalent	17,151.55	18,344.20	20,238.29
Per capita GHG emissions (Scope 1 and Scope 2)	ton of CO <sub>2</sub> equivalent/person	1.41	1.44	1.50
Total natural gas consumption	m <sup>3</sup>	61,400.00	44,135.93	64,071.78 <sup>4</sup>
Natural gas consumption per person	m <sup>3</sup> /person	4.85	3.35	4.57
Gasoline consumption of the Company's vehicles	L	234,000	202,631.38	263,361.21 <sup>5</sup>
Diesel consumption of the Company's vehicles	L	5,240.24	4,567.00	6,859.79 <sup>6</sup>
Total electricity consumption	MWh	29,374.13	32,124.29	35,716.05
Electricity consumption per person	MWh/person	2.82	2.44	2.55
Total water consumption	ton	128,000	104,757.53	112,194.34
Water consumption per person	ton/person	10.11	7.96	8.00

Note 1: [Statistical caliber] The statistical caliber of the environmental performance data is the caliber of the consolidated financial statements of China Galaxy Securities.

Note 2: [Calculation methodology] Scope 1 GHG sources include natural gas, diesel and gasoline consumption of vehicles owned by the Company, and the calculation for 2020 and 2021 is based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories published by the Intergovernmental Panel on Climate Change (IPCC), and for 2022, based on 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).

Note 3: Scope 2 GHG sources are purchased electricity. The calculation of the electricity emission factors for the Company's headquarters and domestic subsidiaries refers to the Ministry of Ecology and Environment's Notice on the Management of Greenhouse Gas Emissions Reporting by Enterprises in the Power Generation Industry from 2023 to 2025, while overseas subsidiaries refer to How to Prepare Environmental, Social and Governance Reports - Appendix II: Reporting Guidelines on Environmental Key Performance Indicators (March 25, 2022), LowCarbonPower website <https://lowcarbonpower.org/zh/>.

Note 4,5,6: Due to the Company's full restoration of offline office in 2023, the Company's gasoline consumption, diesel consumption and natural gas consumption of its own vehicles in 2023 have increased significantly.

Social Performance

Employment Performance Indicators

Indicator		Unit	2022	2023
Total number of employees <sup>1</sup>		person	13,165	14,030
By gender	Male	person	6,987	7,400
	Female	person	6,178	6,630
By age	>50	person	1,666	1,689
	30-50	person	8,387	8,896
	<30	person	3,112	3,445
By region	Chinese mainland	person	10,936	11,756
	Hong Kong, Macao, Taiwan and overseas	person	2,229	2,274
By education degree	Doctor	person	108	111
	Master	person	3,063	3,615
	Bachelor	person	8,284	8,656
	Junior college and below	person	1,710	1,648
Employee number of other employment types <sup>2</sup>		person	187	179
Loss of staff <sup>3</sup>		%	13	13
Of which:				
Number of account managers leaving as a percentage of total employees		%	6.43	7
By gender	Male	%	14.56	15.30
	Female	%	11.23	11.30
By age	>50	%	9.12	6.04
	30-50	%	10.02	11.14
	<30	%	23.10	22.87
By region	Chinese mainland	%	12.07	12.34
	Hong Kong, Macao, Taiwan and overseas	%	17.54	18.91
Labor discrimination		case	0	0
Number of working days lost due to work-related injury		day	0	0

Note 1: The data statistics are within the scope of consolidated statements.

Note 2: The Company's employees of other employment types mainly include dispatched workers.

Note 3: [Calculation method] Loss rate of a particular type of staff= loss number of such type of staff during the year / number of such type of staff at the end of the year. The calculation of the company's employee turnover rate includes the number of marketing account managers who left the company.

Social Performance

Employee Training Performance Indicators

Indicator		Unit	2021	2022	2023
Total employee training expenses		RMB10,000	789	506.67	1,858.34
Employee training attendance		person	37,641	23,793	560,044
Of which:					
Coordinated training at the company level	session		20	30	211
	person		1,328	4,691	162,031
Training at the business department level	session		63	30	1,234
	person		28,359	19,102	398,013
Total employee training hours		10,000 hours	---	23.97	80.07
Employee training coverage rate		%	---	86.54	100.00
By gender	Male employees	%	---	86.25	100.00
	Female employees	%	---	86.87	100.00
Average number of hours of training per employee per year for all employees		hour	---	17.54	57.07
By gender	Male employees	hour	---	18.04	57.07
	Female employees	hour	---	16.99	57.07

Note: The data statistics caliber is the caliber of the consolidated financial statements of China Galaxy Securities. In 2022, all training activities were conducted online. In 2023, both online and offline training were conducted, and the number of training sessions and total training hours increased from those in 2022.

Social Performance

Customer Service Performance Indicators

Indicator		Unit	2021	2022	2023
Number of complaints received about products and services		No.	316	382	402
Complaint handling rate		%	100.00	100.00	100.00
Complaint handling completion rate		%	82.00	99.74	100.00
Satisfaction rate of customer complaint handling		%	91.91	83.87	85.21
Satisfaction rate of return visit of new customers		%	97.84	99.18	99.16
Number of incidents of violation of regulations regarding customer privacy protection		No.	0	0	0

### Social Performance

#### Community Investment Performance Indicators

Indicator	Unit	2022	2023
Number of staff participating in volunteering	person	5,437	4,800
Total hours contributed to volunteering by staff	hour	9,024	620
Total external donation investment	RMB10,000	741.50	1,140.17
Rural revitalization input	RMB10,000	650	962

### Corporate Governance Performance

#### Anti-corruption-related Performance Indicators

Indicator	Unit	2021	2022	2023
Directors and employees participating in integrity and anti-corruption training	person	12,655	10,470	10,189
Number of corruption lawsuits filed against the Company or employees and concluded during the reporting period <sup>1</sup>	piece	0	0	2

Note 1: The Company has 2 (former) employee-related cases concluded in 2023. Through the process of handling specific cases, the Company has strengthened behavior monitoring, promoted integrity education, and comprehensively tested and strengthened the internal control management system.

## Report Index

### Index to the Self-regulatory Guidelines of Listed Companies of the Shanghai Stock Exchange No. 1- Compliant Operation

Disclosure advice	Section
	Feature 1: Keeping pace with the times and taking on the mission of serving China's building into a financial power
	Promoting green operation
	Safeguarding customers' rights and interests
8.1	Safeguarding employees' rights and interests
	Promoting rural revitalization
	Contributing to public undertakings
	Improving corporate governance
8.2	Prudent and compliant operation
8.3	Strengthening ESG management of CGS
8.4	ESG performance data
8.5	Requirements have been met
	Feature 1: Keeping pace with the times and taking on the mission of serving China's building into a financial power
	Promoting green operation
	Safeguarding customers' rights and interests
8.6	Safeguarding employees' rights and interests
	Promoting rural revitalization
	Contributing to public undertakings
	Improving corporate governance
8.7	Safeguarding employees' rights and interests
8.8	Promoting green operation
8.9	Requirements have been met
8.10	Not applicable
8.11	Not applicable
8.12	Not applicable
8.13	Not applicable
	Safeguarding employees' rights and interests
8.14	Empowering talent development
	Caring employees
8.15	Requirements have been met



## Index to the Environmental, Social and Governance Reporting Guide of the Listing Rules of the Hong Kong Stock Exchange

Aspects, General Disclosures and KPIs	Section
<b>Part B: Mandatory Disclosure Requirements</b>	
Mandatory Disclosure of Governance Structure	ESG Statement from the Board Strengthening ESG management of CGS
Reporting Principles	About this Report
Reporting Scope	About this Report
<b>Part C: The "comply or explain" provision</b>	
<b>Subject Area A. Environmental</b>	
<b>Aspect A1: Emissions</b>	
General Disclosure A1	Promoting green operation
KPI A1.1	ESG performance data
KPI A1.2	ESG performance data
KPI A1.3	ESG performance data
KPI A1.4	ESG performance data
KPI A1.5	Promoting green operation
KPI A1.6	Promoting green operation
<b>Aspect A2: Use of Resources</b>	
General Disclosure A2	Promoting green operation
KPI A2.1	ESG performance data
KPI A2.2	ESG performance data
KPI A2.3	Promoting green operation
KPI A2.4	Promoting green operation
KPI A2.5	The Company's products are financial products, thus this indicator is not applicable.
<b>Aspect A3: The Environment and Natural Resources</b>	
General Disclosure A3	Promoting green operation
KPI A3.1	Promoting green operation

Aspects, General Disclosures and KPIs	Section
<b>Aspect A4: Climate Change</b>	
General Disclosure A4	Addressing climate change
KPI A4.1	Addressing climate change
<b>Subject Area B. Social Employment and Labour Practices</b>	
<b>Aspect B1: Employment</b>	
General Disclosure B1	Safeguarding employees' rights and interests
KPI B1.1	ESG performance data
KPI B1.2	ESG performance data
<b>Aspect B2: Health and Safety</b>	
General Disclosure B2	Caring employees
KPI B2.1	ESG performance data
KPI B2.2	ESG performance data
KPI B2.3	Caring employees
<b>Aspect B3: Development and Training</b>	
General Disclosure B3	Empowering talent development
KPI B3.1	ESG performance data
KPI B3.2	ESG performance data
<b>Aspect B4: Labour Standards</b>	
General Disclosure B4	Safeguarding employees' rights and interests
KPI B4.1	Safeguarding employees' rights and interests
KPI B4.2	Safeguarding employees' rights and interests
<b>Subject Area B. Social Operating Practices</b>	
<b>Aspect B5: Supply Chain Management</b>	
General Disclosure B5	Prudent and compliant operation
KPI B5.1	Prudent and compliant operation
KPI B5.2	Prudent and compliant operation

Aspects, General Disclosures and KPIs	Section
KPI B5.3	Prudent and compliant operation
KPI B5.4	Prudent and compliant operation
<b>Aspect B6: Product Responsibility</b>	
General Disclosure B6	Safeguarding customers' rights and interests
KPI B6.1	The Company's products are financial products only and do not involve product recycling.
KPI B6.2	Safeguarding customers' rights and interests ESG performance data
KPI B6.3	Prudent and compliant operation
KPI B6.4	The Company's products are financial products only and do not involve product recycling.
KPI B6.5	Safeguarding customers' rights and interests
<b>Aspect B7: Anti-corruption</b>	
General Disclosure B7	Prudent and compliant operation

Aspects, General Disclosures and KPIs	Section
KPI B7.1	Prudent and compliant operation
KPI B7.2	Prudent and compliant operation
KPI B7.3	Prudent and compliant operation
<b>Aspect B8: Community Investment</b>	
General Disclosure B8	Promoting rural revitalization Contributing to public undertakings
KPI B8.1	Promoting rural revitalization Contributing to public undertakings ESG performance data
KPI B8.2	Promoting rural revitalization Contributing to public undertakings ESG performance data

## GRI Content Index

Statement of use	CGS has reported the information cited in this GRI content index for the period from January 1, 2023 to December 31, 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1	About Us
	2-2	About this Report
	2-3	About this Report
	2-4	About this Report
	2-5	Third Party Assurance Report
	2-6	About Us
	2-7	Safeguarding employees' rights and interests ESG performance data
	2-8	Safeguarding employees' rights and interests ESG performance data
	2-9	Improving corporate governance
	2-12	ESG management
	2-13	ESG management
	2-14	Board ESG Statement ESG management
	2-16	Stakeholders communication
	2-17	ESG management
	2-18	China Galaxy Securities Co., Ltd. 2023 Annual Report
	2-22	ESG Statement from the Board
	2-27	Prudent and compliant operation
	2-29	Stakeholders communication
GRI 3: Material Topics 2021	3-1	Materiality analysis
	3-2	Materiality analysis
	3-3	Materiality analysis
GRI 201: Economic Performance 2016	201-1	ESG performance data
	201-2	Addressing climate change
GRI 203: Indirect Economic Impacts 2016	203-1	Feature 1: Keeping pace with the times and taking on the mission of serving China's building into a financial power
	203-2	Promoting financial inclusion Promoting rural revitalization Contributing to public undertakings
GRI 205: Anti-corruption 2016	205-1	Prudent and compliant operation
	205-2	Prudent and compliant operation
	205-3	ESG performance data

GRI Standard	Disclosure	Location
GRI 302: Energy 2016	302-1	ESG performance data
	302-2	ESG performance data
	302-3	ESG performance data
	302-4	ESG performance data
GRI 303: Water and Effluents 2018	303-5	ESG performance data
GRI 305: Emissions 2016	305-1	ESG performance data
	305-2	ESG performance data
	305-4	ESG performance data
GRI 306: Waste 2020	306-1	Promoting green operation
	306-2	Promoting green operation
	306-3	Promoting green operation ESG performance data
GRI 308: Supplier Environmental Assessment 2016	308-1	Prudent and compliant operation
	308-2	Prudent and compliant operation
GRI 401: Employment 2016	401-1	ESG performance data
	401-2	Safeguarding employees' rights and interests
	401-3	Safeguarding employees' rights and interests
GRI 403: Occupational Health and Safety 2018	403-3	Caring employees
	403-4	Caring employees
	403-5	Caring employees
	403-6	Caring employees
GRI 404: Training and Education 2016	404-1	ESG performance data
	404-2	Empowering talent development
GRI 405: Diversity and Equal Opportunity 2016	405-1	Improving corporate governance Safeguarding employees' rights and interests
GRI 406: Non-discrimination 2016	406-1	Safeguarding employees' rights and interests
GRI 414: Supplier Social Assessment 2016	414-1	Prudent and compliant operation
	414-2	Prudent and compliant operation
GRI 417: Marketing and Labeling 2016	417-1	Safeguarding customers' rights and interests
	417-2	Safeguarding customers' rights and interests
	417-3	Safeguarding customers' rights and interests
GRI 418: Customer Privacy 2016	418-1	Feature 2: Forestalling risks and empowering development through digital and intelligent transition

## Third Party Assurance Report



Ernst & Young Hua Ming LLP  
Level 17, Ernst & Young Tower  
Oriental Plaza, 1 East Chang An Avenue  
Dongcheng District  
Beijing, China 100738

安永华明会计师事务所(特殊普通合伙)  
中国北京市东城区东长安街1号  
东方广场安永大楼17层  
邮政编码: 100738  
Tel 电话: +86 10 5815 3000  
Fax 传真: +86 10 8518 8298  
ey.com



### Independent practitioner's assurance report

安永华明(2024)专字第70074858\_A01号  
China Galaxy Securities Co., Ltd.

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

#### Scope

We have been engaged by China Galaxy Securities Co., Ltd.(the "China Galaxy Securities ") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on China Galaxy Securities 's identified subject matter in the 2023 Social Responsibility Report (the "Subject Matter") as of 31 December 2023 and for the year ended 31 December 2023.

#### Subject matter

The subject matter in the Social Responsibility Report of the China Galaxy Securities for 2023 that is covered by this report is as follows:

- Number of Directors (person)
- Number of female Directors at the Board level (person)
- Number of Board meetings (account)
- Number of Supervisory Committee meetings (account)
- Number of general meetings (account)
- Sessions of anti-money laundering training (account)
- Directors and employees participating in integrity and anti-corruption training (Person)
- Number of suppliers (account)
- Free assistance funds introduced (RMB 10,000)
- Social contribution per share (RMB)
- Total greenhouse gas emissions (Scope 1 and Scope 2) (tons of CO2 equivalent)
- Greenhouse gas emissions (Scope 1) (tons of CO2 equivalent)
- Greenhouse gas emissions (Scope 2) (tons of CO2 equivalent)
- Greenhouse gas emissions per person (Scope1 and Scope 2) (tons of CO2 equivalent/person)
- Natural gas consumption (m3)
- Natural gas consumption per person (m<sup>3</sup>/person)
- Petrol consumption of the Company's vehicles (L)
- Diesel consumption of the Company's vehicles (L)
- Total electricity consumption (kWh)
- Electricity consumption per person (kWh / person)
- Total water consumption (tons)



### Independent practitioner's assurance report (continued)

安永华明(2024)专字第70074858\_A01号  
China Galaxy Securities Co., Ltd.

- Water consumption per person (tons / person)
- Total number of employees (person)
- Total number of male employees (person)
- Total number of female employees (person)
- Employee turnover rate (%)
- Account manager turnover rate (by total number of employees) (%)
- Turnover rate of male employees (%)
- Turnover rate of female employees (%)
- Employee training attendance (person)
- Total employee training hours(10,000 hours)
- Employee training coverage rate(%)
- Number of complaints received about products and services (account)
- Complaint handling rate (%)
- Complaint handling completion rate (%)
- Satisfaction rate of customer complaint handling (%)

Our assurance was with respect to the selected data as at 31 December 2023 and for the year then ended only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2023 Social Responsibility Report.

#### Criteria applied by China Galaxy Securities

In preparing the Subject Matter, China Galaxy Securities applied the criteria which is set out in the " Appendix : Basis of Key Data Compilation" of 2023 Social Responsibility Report.

#### China Galaxy Securities's responsibilities

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

#### EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ("ISAE



**Independent practitioner's assurance report (continued)**

安永华明（2024）专字第70074858\_A01号  
China Galaxy Securities Co., Ltd.

3000 (Revised)" . The standard requires that we plan and perform our engagement to and the terms of reference for this engagement as agreed with China Galaxy Securities 's responsibilities. The standard require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in the Social Responsibility Report in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

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

**Our independence and quality management**

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

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires that we design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Description of procedures performed**

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

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



**Independent practitioner's assurance report (continued)**

安永华明（2024）专字第70074858\_A01号  
China Galaxy Securities Co., Ltd.

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

Our work was performed at the Head Office of China Galaxy Securities , which included:

- 1) Conducted interviews with personnel to understand the business and reporting process;
- 2) Conducted interviews with key personnel to understand the process for collecting, collating and reporting the subject matter during the reporting period;
- 3) Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Basis of Reporting;
- 4) Undertook analytical procedures of the data and made inquiries of management to obtain explanations for any significant differences we identified;
- 5) Tested, on a sample basis, underlying source information to check the accuracy of the data; and
- 6) Other procedures deemed necessary.



**Conclusion**

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the subject matter as of 31 December 2023 and for the year then ended in the 2023 Social Responsibility Report, in order for it to be in accordance with the Criteria.

**Restricted use**

Our report has been prepared for and only for the board of directors of the China Galaxy Securities and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

  
Ernst & Young Hua Ming LLP  
28 March 2024

Beijing, China

### Basis of Key Data Compilation

#### Number of Directors (person):

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

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

The term disclosed herein refers to the number of female directors of the board of China Galaxy Securities as of the reporting date. It is determined according to the list of directors, supervisors and senior managers disclosed in 2023 Annual Report of China Galaxy Securities, by counting persons with title of director and with gender of female in the list.

#### Number of Board meetings (account):

The term disclosed herein refers to the total number of board meetings during the reporting period. It is determined according to the list of board meetings disclosed in 2023 Annual Report of China Galaxy Securities.

#### Number of Supervisory Committee meetings (account):

The term disclosed herein refers to the total number of supervisory committee meetings during the reporting period. It is determined according to the list of supervisory committee meetings disclosed in 2023 Annual Report of China Galaxy Securities.

#### Number of general meetings (account):

The term disclosed herein refers to the total number of General Meeting during the reporting period disclosed in 2023 Annual Report of China Galaxy Securities.

#### Sessions of anti-money laundering training (account):

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

#### Directors and employees participating in integrity and anti-corruption training (person):

It refers to the number of directors and employees covered by China Galaxy Securities through the online training platform Galaxy Academy and offline training courses during the reporting period in accordance with the requirements of the *Regulations on the Integrity of Securities and Futures Operating Institutions and Their Staff* and the *Implementation Rules for the Integrity of Securities Operating Institutions and Their Staff*. The statistical caliber is China Galaxy Securities headquarters and all molecular companies.

#### Number of suppliers (account):

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

#### Free assistance funds introduced (RMB 10,000):

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

#### Social contribution per share (RMB):

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

#### Total greenhouse gas emissions (Scope 1 and Scope 2) (tons of CO<sub>2</sub> equivalent):

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

#### Greenhouse gas emissions (Scope 1) (tons of CO<sub>2</sub> equivalent):

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

#### Greenhouse gas emissions (Scope 2) (tons of CO<sub>2</sub> equivalent):

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

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

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

**Natural gas consumption (m<sup>3</sup>):**

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

**Natural gas consumption per person (m<sup>3</sup>/person):**

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

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

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

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

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

**Total electricity consumption (kWh):**

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

**Electricity consumption per person (kWh / person):**

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

**Total water consumption (tons):**

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

**Water consumption per person (tons / person):**

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

**Total number of employees (person):**

The term disclosed herein refers to the total number of full-time contract employees of China Galaxy Securities by the end of the reporting period according to the record of the company's

human resource management system. The scope of statistics includes headquarters and all subsidiaries.

**Total number of male employees (person):**

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

**Total number of female employees (person):**

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

**Employee turnover rate (%):**

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

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

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

**Turnover rate of male employees (%):**

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

**Turnover rate of female employees (%):**

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

**Employee training attendance (person):**

The term disclosed herein refers to the total number of contract employees participating in the online "Galaxy School" and offline training courses of China Galaxy Securities. The scope of statistics includes headquarters and all subsidiaries.

**Total employee training hours (10,000 hours):**

The term disclosed herein refers to the total duration of China Galaxy Securities' online Galaxy School" and offline training courses provided to contract employees during the reporting period.

**Employee training coverage rate (%):**

The terms disclosed herein refer to the ratio of contract employees covered by China Galaxy Securities' online Galaxy School" and offline training courses during the reporting period. The scope of statistics includes headquarters and all subsidiaries.



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

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

**Complaint handling rate (%):**

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

**Complaint handling completion rate (%):**

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

**Satisfaction rate of customer complaint handling (%):**

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



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