

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

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



**2023** CSC Financial Co., Ltd.  
Social Responsibility & Environmental,  
Social and Governance (ESG) Report

# CONTENTS

ESG Management Statement from the Board	01
About CSC	02
ESG Strategy and Management	05
CSC's 2023 CSR Highlights	12

## **Feature 1**

Building a Robust Financial Security Defense through Comprehensive Risk Control 15

## **Feature 2**

Supporting the Real Economy and Giving Full Play to the Support of the Financial Hub 25

## **Feature 3**

Embracing ESG Principles and Conducting Sustainable Finance 31





# 01

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

Strengthening Corporate Governance	47
Upholding Business Ethics	50
Strengthening Procurement Management	55

# 03

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

Protecting and Educating Investors	69
Optimizing Customer Service	71
Investing in Fintech	72

# 02

## Valuing Talent and Creating a Diverse and Inclusive Workplace

Safeguarding Employee Rights	59
Fostering Talent Development	61
Creating a Dynamic Workplace	65

# 04

## Demonstrating Commitments and Promoting a Diverse and Co-Governed Ecology

Responding to Climate Change	77
Endorsing Green Operations	80
Supporting Charitable Causes	82

ESG Data Performance	84
Reporting Guidelines Index	89
Definition	93
About this Report	94

# ESG Management Statement from the Board

In 2023, CSC Financial Co., Ltd. (CSC) implemented the spirit of the 20th National Congress of the Communist Party of China and the Central Financial Work Conference, the Central Economic Work Conference, focusing on the central task of serving China's modernization with a localized approach, the primary task of high-quality development, and the strategic task of building a new development pattern. By consistently delivering on the Company's mission "to gather talent, serve customers, create value, and contribute to society", we deeply cultivated its core responsibilities, strengthen the foundation of development, and continued to improve our environmental, social, and governance (ESG) performance.

## The Board's role in ESG management

Consistently acting on our business approach to "benefit others and thrive together", we have established a top-down ESG management framework, with the Board of Directors and the Supervisory Committee comprehensively overseeing ESG matters and holding the ultimate accountability for them, whilst the ESG Committee under the Executive Committee collaborates with the departments to drive the integration of ESG factors into every aspect of business operations management. In 2023, the Board fully fulfilled its decision-making and supervisory responsibilities for ESG-related matters, deliberating and approving multiple proposals and matters related to corporate governance, information disclosure, risk management, green finance, and other aspects. The ESG committee convened two meetings and developed the Company's 2023 ESG management enhancement plan, deliberating multiple policy statements, including the *Data Security and Privacy Protection Management Statement*, *Anti-Corruption and Anti-Fraud Management Statement*, *Supplier Anti-Corruption Management Statement*, *Employee Rights and Welfare Statement* and *Social Responsibility & Environmental, Social and Governance (ESG) Risk Management Statement*, in order to continuously build and improve the ESG governance system.

## ESG management policies and strategies

We incorporated ESG principles into our corporate culture and long-term business development strategy. We focused on 15 ESG strategies and visions in such three major areas as "Driving Green and Low-Carbon Growth", "Working Together to Shape a Vibrant Community", and "Building Effective Corporate Governance" so as to promote comprehensive ESG management, fulfill our social responsibilities, and create long-term sustainable shared value for shareholders, customers, employees and other stakeholders. In 2023, based on an ongoing dialogue with our stakeholders and an analysis of business features, domestic and international policy trends, the information disclosure requirements of stock exchanges, and the focus of the capital market, we identified 17 ESG material issues by incorporating the input of internal and external experts. We prioritized the issues and assess the materiality of them based on their materiality to the stakeholders and the Company and implemented targeted management practices.

## ESG targets, metrics, and progress review

The Company set management indicators and targets around sustainable finance, green operations, climate change response, human capital development, customer service optimization, rural revitalization, community welfare and other issues. We also built an ESG performance management mechanism to regularly track and monitor progress towards these targets, and carried out statistical analysis and performance disclosure on an annual basis to further enhance the quality and efficiency of our ESG management. In 2023, we tracked environmental management performance and progress towards these targets. Additionally, we continuously advanced our sustainability practices based on the United Nations Sustainable Development Goals (UN SDGs) and industry best practices.

In 2023, CSC's ESG management practices were highly recognized by professional institutions. Our MSCI ESG rating jumped from BBB rating to A level, placing us at the forefront of the industry among our peers; our score in the S&P Global ESG Score also ranked among top securities companies in China.

Looking forward, we will continue to deepen our understanding of being a top investment bank and a financial powerhouse. We will persistently uphold our mission, diligently practice with a strong sense of responsibility, continuously deepen ESG management, and further integrate ESG management into our operational and financial practices. We strive to become an exemplary financial institution in ESG, contributing to the construction of a stronger nation through high-quality and sustainable development.



# About CSC

## ○ Company Profile

Founded on November 2, 2005, CSC Financial Co., Ltd. is a comprehensive securities company operating nationwide, authorized by the China Securities Regulatory Commission (CSRC). The Company is registered in Beijing, with a registered capital of RMB 7.757 billion and is an A + H Share listed company. The Company's major shareholders include Beijing Financial Holdings Group, Central Huijin Investment Co., Ltd., and CITIC Group Corporation Ltd., all large enterprises with ample capital resources, extensive experience in capital operations, and high public visibility.

The Company has established a good reputation in providing high-quality and professional financial services to governments, businesses, institutions, and individual investors.

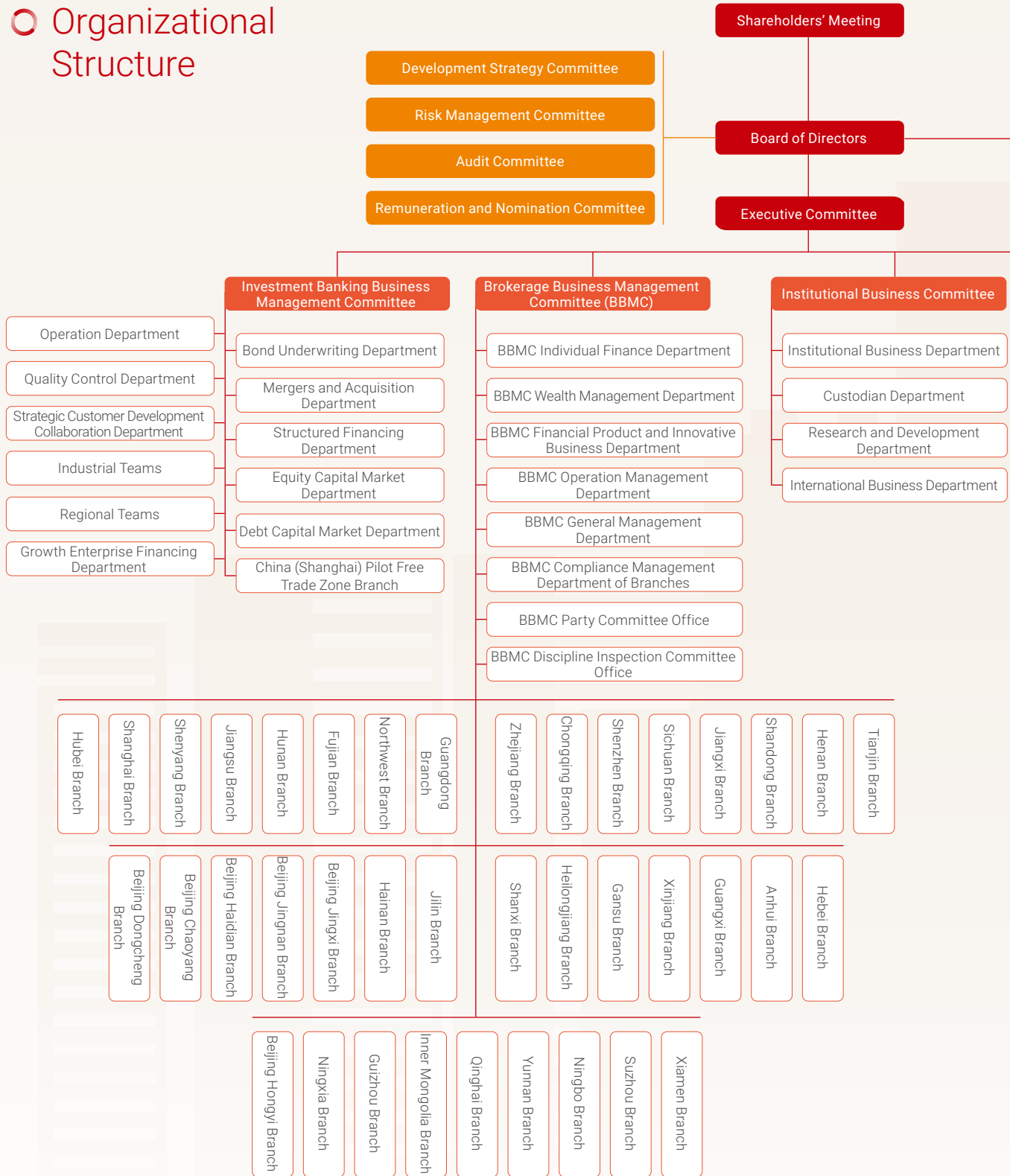
### ○ An Overview of CSC in 2023

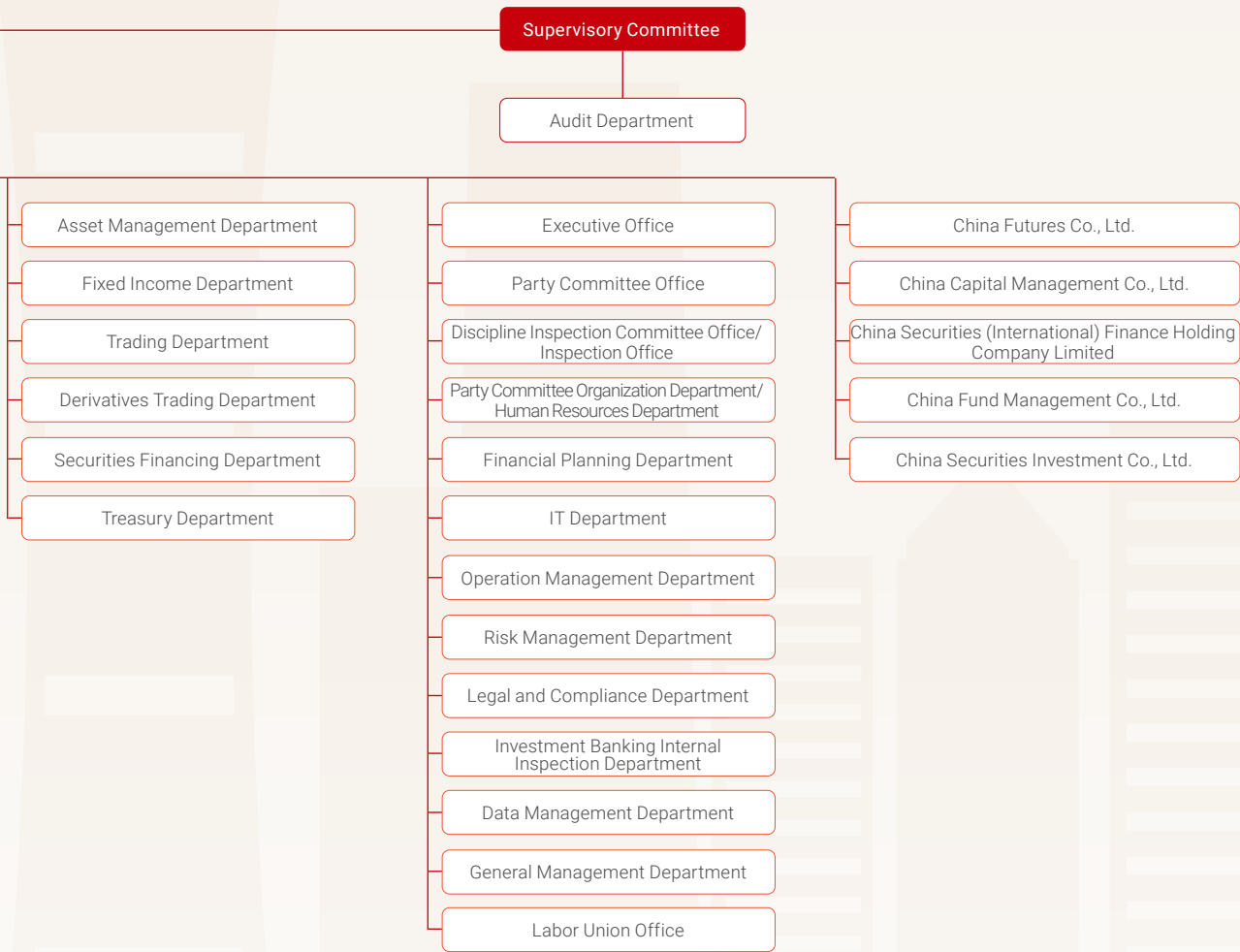
Company name	中信建投证券股份有限公司
English name	China Securities Co., Ltd. CSC Financial Co., Ltd. (We conduct business in Hong Kong under this registered English name.)
Headquarters address	No. 10 Guanghua Road, Chaoyang District, Beijing, China
Primary business operations	Securities brokerage; securities investment advisory; financial advisory related to securities trading and securities investment; securities underwriting and sponsorship; proprietary securities trading; securities asset management; agency sale of securities investment funds; brokerage for futures companies; margin trading and securities lending; agency sale of financial products; market making for stock options; securities investment fund custody; sale of precious metal products; market-making trading of listed securities.
Total assets	RMB 522.752 billion
Operating revenue	RMB 23.243 billion (Audited A-share consolidated data, same below)
Subsidiaries	China Futures Co., Ltd., China Capital Management Limited, China Securities (International) Finance Holding Company Limited, China Fund Management Limited, and China Securities Investment Limited
Mainland branches	CSC has established <b>40</b> branches, <b>278</b> securities sales departments, and <b>29</b> futures branch offices in <b>30</b> provinces, autonomous regions, and municipalities throughout mainland China, forming an extensive business network system spanning the country.

#### Details of listing

<b>A Share</b>	Listed on the Shanghai Stock Exchange on June 20, 2018 Stock abbreviation: CSC Stock code: 601066.SH	<b>H Share</b>	Listed on the Hong Kong Stock Exchange on December 9, 2016 Stock abbreviation: CSC Stock code: 6066.HK
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# Organizational Structure





# ESG Strategy and Management

## ○ Corporate Culture at CSC

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



# ESG Strategy and Vision

Focusing on 15 ESG strategies and visions in such three major areas as “Driving Green and Low-Carbon Growth”, “Working Together to Shape a Vibrant Community”, and “Building Effective Corporate Governance”, CSC incorporated ESG principles into our corporate culture and long-term business development strategy so as to promote comprehensive ESG management, fulfill our social responsibilities, and create long-term sustainable shared value for shareholders, customers, employees and other stakeholders.

## CSC’s ESG Strategy and Vision

	<p><b>Driving Green and Low-Carbon Growth</b></p> <ul style="list-style-type: none"> <li>• Building a sustainable financial system</li> <li>• Innovating carbon-related financial services and products</li> <li>• Empowering green industries</li> <li>• Reducing environmental footprint</li> <li>• Increasing public awareness of environmental protection</li> </ul>
	<p><b>Working Together to Shape a Vibrant Community</b></p> <ul style="list-style-type: none"> <li>• Supporting national strategies</li> <li>• Serving the real economy</li> <li>• Improving people’s wellbeing and livelihoods</li> <li>• Fostering talent growth and development</li> <li>• Optimizing customer service system</li> <li>• Engaging in charity and public good</li> </ul>
	<p><b>Building Effective Corporate Governance</b></p> <ul style="list-style-type: none"> <li>• Promoting business integrity and compliance</li> <li>• Using technology to drive digital transformation</li> <li>• Implementing effective risk management</li> <li>• Creating a strong corporate culture</li> </ul>

## ESG Management Structure CSC's ESG Management Framework

Embedding ESG concepts throughout our business management, we have established an ESG management framework that operates from the top down, consistently strengthening and refining ESG governance and improving ESG management.

The Company's Board of Directors and Supervisory Committee comprehensively oversee ESG matters and are ultimately accountable for them. We have set up an ESG Committee under the Executive Committee chaired by the chairman of the Board and vice-chaired by the general manager. As authorized by the Board of Directors and the Executive Committee, the ESG Committee collaborated with the departments to incorporate ESG factors into corporate governance, business strategy, risk management, and other issues to promote sustainability practices across the Company.



In 2023, the Board fully fulfilled its decision-making and supervisory responsibilities for ESG-related matters, deliberating and approving multiple proposals and matters related to corporate governance, information disclosure, risk management, green finance, and other aspects.

### Key ESG-Related Matters Reviewed by CSC's Board of Directors in 2023

Key ESG issues	Reviewed content
Corporate governance	Reviewed the annual work report of the Board of Directors and the senior management, the internal control evaluation report of the Company, the selection of directors and senior management and other related proposals.
Information disclosure	Reviewed the <i>2022 Social Responsibility &amp; Environmental, Social and Governance (ESG) Report</i> , which covered issues such as climate change response, sustainable finance, and responsible investment.
Comprehensive risk management	Reviewed multiple proposals, including the <i>2022 Risk Report</i> and the <i>2023 Risk Management Policy</i> , and oversaw the construction, implementation, and operation of the risk management mechanism.
Operational compliance	Reviewed the <i>2022 Compliance Report</i> , the <i>2022 Annual Performance Review of Compliance Officers</i> , the <i>2022 Anti-Money Laundering Work Report</i> , the <i>2023 Anti-Money Laundering Work Plan</i> , and <i>Money Laundering Risk Management Culture Building Program</i> and other related proposals.
Community welfare	Reviewed the <i>Proposal on Total Donations to be Made by the Company in 2023</i> .

In 2023, CSC organized two ESG Committee meetings, reviewing and approving proposals and matters related to ESG, such as the Company's ESG management improvement plan for 2023, information disclosure, anti-corruption, information security, supplier management and ESG risk management. The Company also released several statements, including the *Board Diversity Policy*, *Data Security and Privacy Protection Management Statement*, *Anti-Corruption and Anti-Fraud Management Statement*, *Supplier Anti-Corruption Management Statement*, *Employee Rights and Welfare Statement* and *CSC ESG Risk Management Statement*. We thus consistently strengthened and refined our ESG systems and processes, enhancing ESG transparency while building a reputation in promoting responsible business practices.





In 2023, We organized directors to participate in three ESG-related trainings, and comprehensively enhanced the ESG awareness of our decision-making and supervision level from the aspects of ESG report preparation and ESG management improvement.

# ○ Stakeholder Engagement

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

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

## ○ Top Concerns of CSC's Key Stakeholders and Responses for 2023

Key stakeholders	Top concerns	Communication and Response
 <p>Shareholders and investors</p>	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Operational compliance</li> <li>• Comprehensive risk management</li> <li>• Business ethics and prevention of financial crimes</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders' meetings</li> <li>• Regular information disclosure on stock exchange websites</li> <li>• Investor communication meetings and surveys</li> <li>• Phone, email, and SSE Info</li> <li>• WeChat Official Account, Company website, and other new media platforms</li> </ul>
 <p>Government and regulators</p>	<ul style="list-style-type: none"> <li>• Comprehensive risk management</li> <li>• Operational compliance</li> <li>• Privacy and data security</li> <li>• Supporting the real economy</li> <li>• Business ethics and prevention of financial crimes</li> <li>• Rural revitalization</li> <li>• Climate Change Response</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in government inspections and research events</li> <li>• Major conferences</li> <li>• Policy consultation</li> <li>• Exchange of official correspondence</li> <li>• Event reporting</li> </ul>
 <p>Customers</p>	<ul style="list-style-type: none"> <li>• Optimizing Customer Service</li> <li>• Responsible marketing</li> <li>• Privacy and data security</li> <li>• Fintech empowerment</li> <li>• Investor education and protection</li> </ul>	<ul style="list-style-type: none"> <li>• Customer surveys and visits</li> <li>• Customer complaint hotline</li> <li>• Customer satisfaction surveys</li> <li>• Company website, WeChat Official Account, and other new media platforms</li> <li>• Data management initiatives</li> <li>• Development of Fintech construction</li> <li>• Investor education activities</li> </ul>
 <p>Employees</p>	<ul style="list-style-type: none"> <li>• Human capital development</li> <li>• Employee rights and welfare</li> <li>• Workplace diversity and inclusion</li> </ul>	<ul style="list-style-type: none"> <li>• Employee recruitment strategy</li> <li>• Employee training system</li> <li>• Trade union cultural and sports activities</li> <li>• Daily communication and feedback</li> <li>• WeChat Official Account, company website, and other new media platforms</li> </ul>

Key stakeholders	Top concerns	Communication and Response
 <p><b>Suppliers and partners</b></p>	<ul style="list-style-type: none"> <li>Operational compliance</li> <li>Supplier management</li> <li>Privacy and data security</li> <li>Business ethics and prevention of financial crimes</li> </ul>	<ul style="list-style-type: none"> <li>Strategic partnership negotiations</li> <li>Supplier inspections</li> <li>Formulation of procurement management measures</li> <li>Anti-commercial bribery system building</li> <li>Privacy and security safeguards</li> <li>Daily communication</li> <li>Bidding activities</li> </ul>
 <p><b>Community and the environment</b></p>	<ul style="list-style-type: none"> <li>Rural revitalization</li> <li>Community welfare</li> <li>Green operations</li> <li>Climate Change Response</li> <li>Sustainable finance</li> <li>Responsible investment</li> </ul>	<ul style="list-style-type: none"> <li>Community activities</li> <li>Volunteer activities</li> <li>Research and implementation of public welfare projects such as rural revitalization and environmental protection</li> <li>Energy conservation and emission reduction</li> <li>Promotion of paperless operations</li> <li>Green buildings</li> <li>Development of sustainable finance</li> </ul>

## ○ Topic Identification and Materiality Assessment

The key to implementing effective ESG management and information disclosure is to identify the material issues. CSC’s identification process in 2023 was based on several key pillars: an ongoing dialogue with our stakeholders, an understanding of our business and industry characteristics, and an analysis of the policy trends, information disclosure requirements of stock exchanges, and focus of capital market rating agencies such as MSCI and S&P in 2023. A comprehensive consideration of all these factors led us to identify and summarize 17 material issues to be the focus of our management efforts in 2023 by incorporating the input of internal and external experts and to prioritize the issues. We presented the results of the assessment in a materiality matrix. This report mainly focuses on the management and performance on ESG issues that mattered most to our business and our stakeholders in 2023.

### ○ Materiality Assessment Process

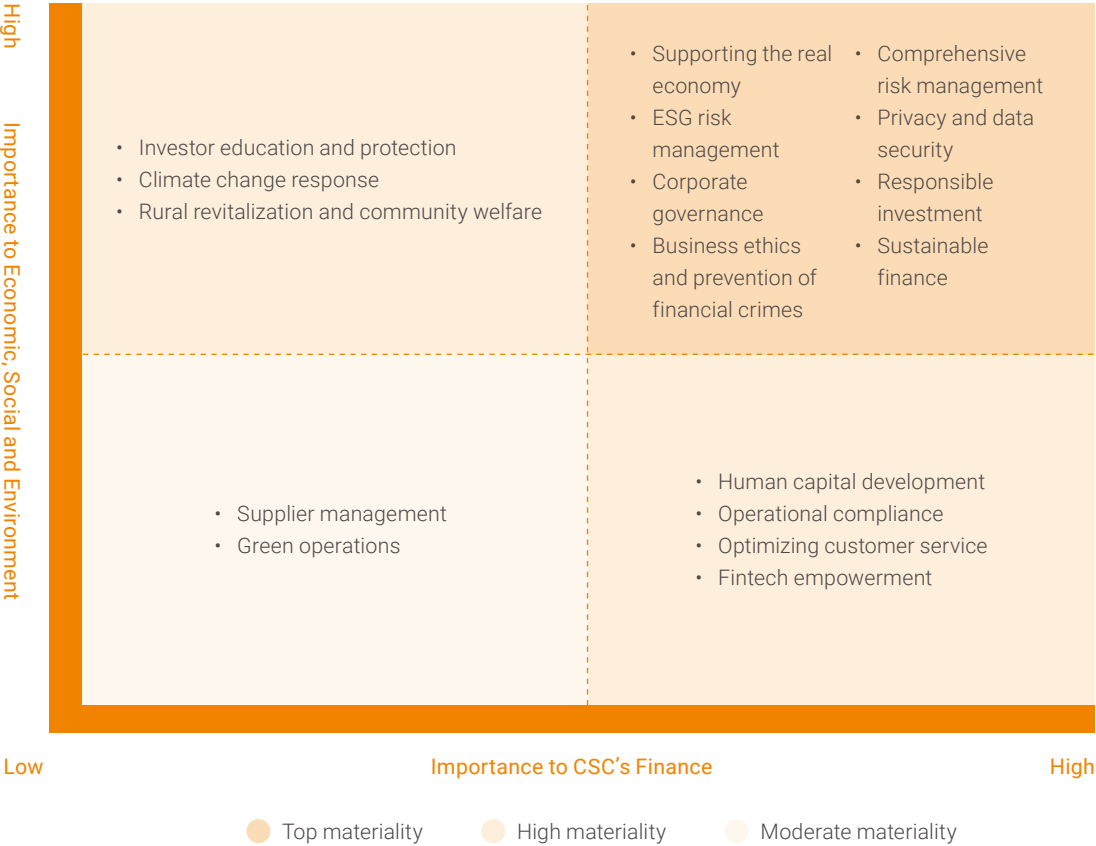
Identification	Assessment	Prioritization	Reporting
<p>We assessed our impact by analyzing the macro policies, regulatory requirements, and industry trends of 2023, benchmarking exchange requirements and the international GRI Standards, and considering our own situation and stakeholder feedback. On this basis, we compiled a catalog of issues.</p>	<p>Based on regular communication with stakeholders and internal and external experts during day-to-day business operations, we assessed the importance of our impact and implemented targeted management measures for important issues.</p>	<p>By consulting with both internal and external experts and taking into account the primary focus areas of international and domestic ESG rating agencies and other key information users, we prioritized the 17 issues from two dimensions: materiality to stakeholders and materiality to CSC.</p>	<p>We mapped the prioritized issues into a materiality matrix, which was reviewed and confirmed by the Board. We set out to prioritize the most material issues in our 2023 report.</p>



Primary Changes in CSC’s Material Issues for 2023

Material issues 2022	Material issues 2023	Change	Reasons for change
Supporting the real economy Promoting inclusive finance	Supporting the real economy	Consolidation	Based on the Company’s situation of business operation, we consolidated the issues in order to disclose the relevant information in a more targeted manner.
Information security and privacy protection Supply chain management	Privacy and data security Supplier management	Optimized phrasing	Based on with the situation of the industry where the Company operates, we benchmarked against the focus areas of MSCI ESG Ratings to optimize phrasing.

CSC Materiality Matrix 2023



## ○ List of CSC's Material Issues of CSC in 2023 and Corresponding Sections

No.	Title of material issues <sup>1</sup>	Corresponding sections
1	<b>Comprehensive risk management</b>	Feature 1: Building a Robust Financial Security Defense through Comprehensive Risk Control
2	<b>Privacy and data security</b>	Feature 1: Building a Robust Financial Security Defense through Comprehensive Risk Control
3	<b>Supporting the real economy</b>	Feature 2: Supporting the Real Economy and Giving Full Play to the Support of the Financial Hub
4	<b>Sustainable finance</b>	Feature 3: Embracing ESG Principles and Conducting Sustainable Finance
5	<b>Responsible investment</b>	Feature 3: Embracing ESG Principles and Conducting Sustainable Finance
6	<b>ESG risk management</b>	Feature 3: Embracing ESG Principles and Conducting Sustainable Finance
7	<b>Corporate governance</b>	Strengthening Corporate Governance
8	<b>Business Ethics and Prevention of Financial Crimes</b>	Upholding Business Ethics
9	Human capital development	Safeguarding Employee Rights Fostering Talent Development Creating a Dynamic Workplace
10	Operational compliance	Feature 1: Building a Robust Financial Security Defense through Comprehensive Risk Control
11	Investor education and protection	Implementing Investor Education and Protection
12	Optimizing Customer Service	Optimizing Customer Service
13	Fintech empowerment	Investing in Fintech
14	Climate change response	Climate Change Response
15	Rural revitalization and community welfare	Fulfilling Public Welfare Responsibilities
16	Supplier management	Strengthening Procurement Management
17	Green operations	Endorsing Green Operations

<sup>1</sup> The bolded issues are those of top materiality of the Company for 2023.

# CSC's 2023 CSR Highlights

## ○ CSR Highlights



### Economic

Operating revenue  
(RMB 100 million) in  
2023

**232.43**

Net profit attributable to shareholders of  
the Parent Company (RMB 100 million)  
in 2023

**70.34**

Social  
contribution per  
share (RMB)

**2.97**

Number of  
equity financing  
transactions (nos.)

**67**

Total equity financing lead  
underwriting amount (RMB  
100 million)

**947.76**

Number of principal  
underwriting projects  
(nos.)

**3,280**

Total bond lead  
underwriting amount  
(RMB 100 million)

**15,457.06**



### Social

Total charitable giving (RMB  
10,000)

**2,073.61**

Number of rural revitalization bond issues as  
lead underwriter (nos.)

**5**

Rural revitalization bond lead underwriting  
amount (RMB 100 million)

**8.71**



### Environment

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

**0.039**

Number of green equity financing  
projects as lead underwriter (nos.)

**12**

Total capital raised from green bond  
underwritings (RMB 100 million)

**3,602.34**

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

**0.065**

Green equity financing lead underwriting  
amount (RMB 100 million)

**276.57**

Number of carbon neutral bond issues  
as lead underwriter (nos.)

**21**

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

**0.13**

Number of green bond issues as lead  
underwriter (nos.)

**105**

Total carbon neutral bond underwriting  
amount (RMB 100 million)

**77.02**

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

**0.25**


Total green bond underwriting amount  
(RMB 100 million)

**626.21**


Total capital raised from carbon neutral  
bond underwritings (RMB 100 million)

**271.83**

## ○ Actions on SDGs

Aspects	SDGs	Actions and achievements in 2023
Environmental		<ul style="list-style-type: none"> <li>Engaged in sustainable finance, continuously integrating ESG factors into various financial services, such as investment banking, asset management, wealth management, fixed income, research services, and international business, giving full play to the industry guidance function. We focused on green and low-carbon as well as social livelihood sectors, deepening our ESG practices.</li> </ul>
		<ul style="list-style-type: none"> <li>Made green operations a strategic cornerstone to promote green, clean, and low-carbon operations by strengthening energy management in office areas, promoting paperless office initiatives, standardizing waste recycling and disposal practices, advocating for green and low-carbon transportation, practicing green procurement, and advancing the construction of green data centers.</li> </ul>
		<ul style="list-style-type: none"> <li>Enhanced our climate change management system, established management processes for identifying climate risks and opportunities, and identified the Company's main climate risks and opportunities.</li> </ul>
Social		<ul style="list-style-type: none"> <li>Actively supported designated areas through industrial, educational and consumer support, and developed poverty alleviation and financial assistance, so as to consolidate and expand the achievements of poverty alleviation efforts and rural revitalization ;</li> <li>Actively participated in charitable giving and volunteer activities.</li> </ul>
		<ul style="list-style-type: none"> <li>Provided all employees with a free annual physical examination and regularly held health training lectures for employees to enhance their medical knowledge and help them develop better work and lifestyle habits;</li> <li>Established a sound system of employee care and welfare, and provided assistance for 79 employees in need.</li> </ul>
		<ul style="list-style-type: none"> <li>Actively promoted equal employment opportunities, offered employment opportunities to 31 ethnic minority college graduates and provided jobs for 85 employees with disabilities;</li> <li>Worked to foster a harmonious and diverse workplace culture.</li> </ul>
		<ul style="list-style-type: none"> <li>Continuously increased support for social welfare projects such as municipal services, healthcare, culture and education, agriculture and food, and rural revitalization and assistance through investment and financing business, contributing to improving social welfare.</li> </ul>
Governance		<ul style="list-style-type: none"> <li>Stepped up digital platform construction and provided innovative financial products and high-quality financial services, with investment in the construction of information system amounting to RMB 1,460.3887 million.</li> </ul>
		<ul style="list-style-type: none"> <li>Fully integrated ESG into the Company's business management and established a top-down ESG management framework;</li> <li>Improved the integrated and comprehensive risk prevention and control management mechanism of the group, strengthened the internal control process and team building, and firmly adhered to the bottom line of financial security;</li> <li>Strengthened anti-corruption and professional integrity management and education, guided employees to uphold ethical business conduct, and strengthened the construction of integrity culture.</li> </ul>
		<ul style="list-style-type: none"> <li>Improved the supplier full-lifecycle management system, strengthened supplier risk management, with 100% coverage of supplier qualification audit at the Company's headquarters;</li> <li>Communicated the concepts of integrity and compliance, green and low-carbon to the supplier partners, with 100% proportion of new suppliers signing the Qualified Supplier Pledge.</li> </ul>

## ESG Related Key Awards and Ratings Recognition

Unit	Awards / rating recognition	
CSC		CSC's MSCI ESG rating jumped to A level, placing us at the forefront of the industry among our peers
	S&P Global CSA	Obtained a score of 42 in S&P Global CSA, ranking among top securities companies in China
	People's Bank of China	2022 Fintech Development Award Second Prize
	CSRC	Outstanding Investor Education Base for the fifth consecutive year
	S&P	BBB+/Stable credit rating
	Moody's	Baa1/Stable credit rating
	Fitch Ratings	BBB+/Stable credit rating
	Securities Association of China	2023 Outstanding Research Report on Key Topics
	China Association for Public	2023 Board of Directors Best Practice Award of Listed Companies
	China Association of Small and Medium Enterprises	7th North Exchange & New Third Board Annual Excellence List: "Excellent Service Organization"
	SSE	2023 Outstanding SSE Member of Investor Education, Bond Market Comprehensive Service Award, and Outstanding Unit of Comprehensive Service Consulting and Support of Central Enterprises
	SZSE	2023 Outstanding SZSE Member of Investor Education
	Shanghai Clearing House	2023 Outstanding Underwriter, 2023 Outstanding Green Finance Business Innovation Institution
	<i>China Securities Journal</i>	2023 Top 10 Golden Bull Chinese Securities Companies in Securities Sector: 2023 Chinese Securities Companies Golden Bull Culture Cultivation Award 2023 Golden Bull ESG Award for Securities Sector 2023 Chinese Securities Companies Golden Bull Fintech Award
	Financial Associated Press	Green Water Gold Mountain Award - ESG Investment Practice Award Reaching Far Award - Pioneering Enterprise Award for Social Responsibility
	<i>People's Daily and International Financial News</i>	2023 Outstanding Case of Fintech Innovation in China
	JRJ.com	2023 Outstanding Service Entity Contribution Award in the 12th Golden Wisdom Awards
<i>New Fortune</i>	16th New Fortune ESG Best Practice Investment Bank	
China Futures	China Futures Association	2022 Futures Investor Education Excellence
	Shanghai Futures Exchange	2022 Natural Rubber "Insurance + Futures" Pilot Project Top Award, 2023 Natural Rubber "Insurance + Futures" Project Top Award,
	Zhengzhou Commodity Exchange	2022 Outstanding Project Award of the "Agricultural Insurance Worry-free" Pilot Project and the "Investment and Education Pioneer" team
	<i>Futures Daily, Securities Times</i>	16th China Best Futures Operator Awards: Best Rural Revitalization Service and Social Responsibility Public Welfare Award 2023 Investor Protection Education Innovation Award Best Futures Talent Training Institution Contribution Award
	JRJ.com	2023 Outstanding Rural Revitalization Model Award in the 12th Golden Wisdom Awards
China Fund	JRJ.com	2023 Outstanding Fund Education Case Award in the 12th Golden Wisdom Awards
China Securities International	Hong Kong Council of Social Service	2023/24 "Caring Business" award



# Feature I

## Building a Robust Financial Security Defense through Comprehensive Risk Control



Risk prevention and control are eternal themes in the financial sector. CSC views “financial security” as a core philosophy for the Company’s development. It continuously improves the vertical management and integrated group-wide risk management mechanisms for its domestic and overseas subsidiaries, reinforces risk management, refines operational compliance, and deepens information security. This allows the Company to operate steadily and develop healthily in the complex and ever-changing market environment and increasingly severe risk challenges.

### ○ Response to the issues



### ○ 2023 Performance highlights

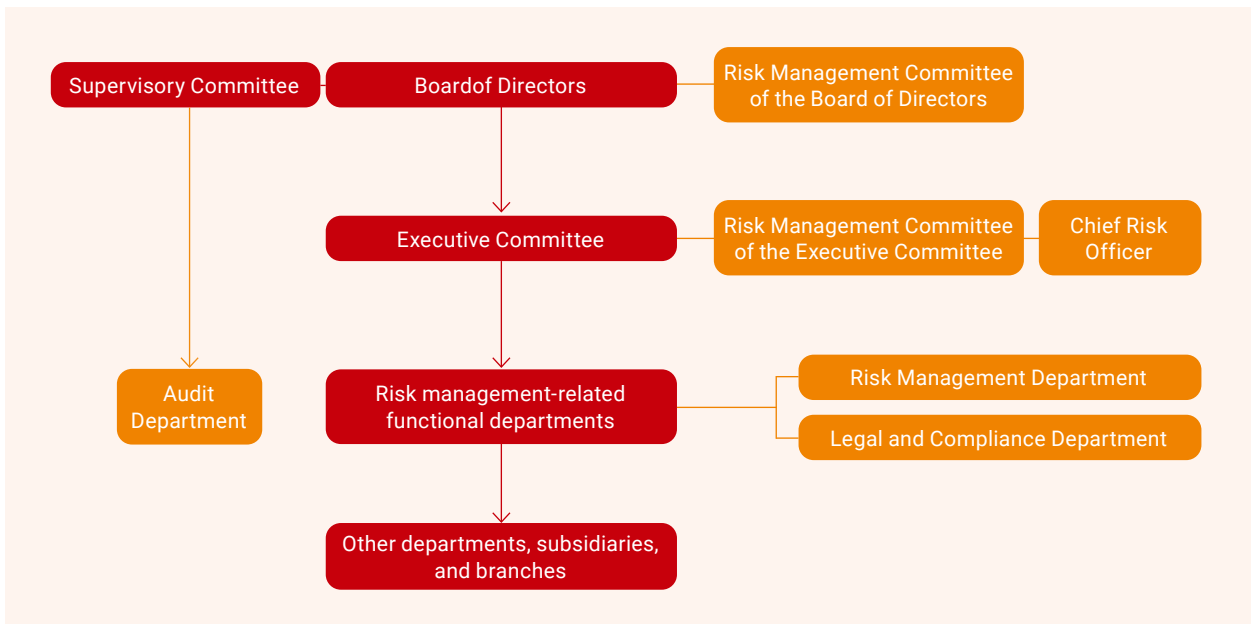
- Continue to optimize the comprehensive risk management system, and further improve the risk management ability of collectivized groups.
- The Company is the first securities company in China to receive and publicly disclose the highest credit ratings from all of the world’s three major authoritative rating agencies (S&P, Moody’s, and Fitch Ratings).
- As a data owner (principal), we participate in the DCMM (Data Management Capability Maturity Model) certification evaluation, and our data management capability maturity is certified as “robust” (Level 3).
- The Company have obtained the ISO 27001 International Information Security Management System certification, and the graded security filing system conforms to the evaluation standard of grade protection 2.0.

## ○ Strengthening Risk Management

As a financial enterprise, the key risks in our daily operations include strategic risk, credit risk, liquidity risk, market risk, operational risk, information technology risk, legal risk, compliance risk, and reputation risk.

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

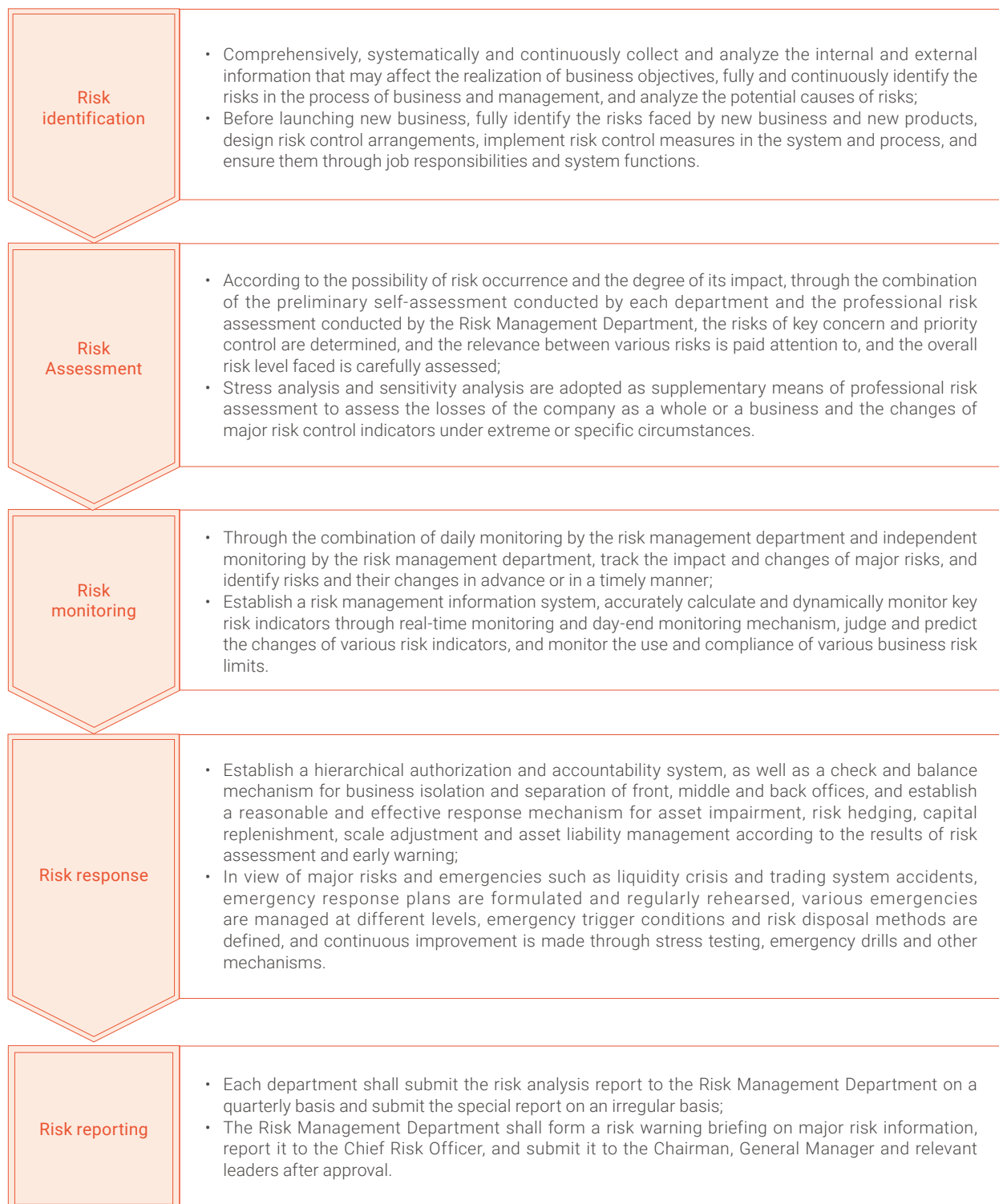
### ○ CSC Risk Management Organizational Structure



We adhere to the basic principles of "comprehensiveness, matching, effectiveness, and independence" in risk management. We have established a full-process risk management procedure covering critical stages such as risk identification, assessment, monitoring, response, and reporting. Through routine risk management, we effectively control and promptly respond to various risks.



## ○ CSC's Full-process Risk Management Procedure







### Driving integrated risk management at subsidiaries

As a consolidated supervision pilot securities company, CSC continues to strengthen the vertical control of subsidiaries both inside and outside of the mainland of China and the integrated management of the Group in accordance with relevant regulations. We require subsidiaries to establish their own risk management organizational structures, systems, processes, information technology systems, and risk control indicator systems within the overall risk appetite and risk management framework of CSC, ensuring the consistency and effectiveness of comprehensive risk management.

In 2023, the Company reviewed external regulatory requirements and its own basic risk management regulations, consolidated specific practices for subsidiary risk management, and formulated the *Subsidiary Risk Management Implementation Rules* to further advance group-wide integrated risk management. We also continuously deepened the specific measures for "five areas of alignment", streamlined subsidiaries' risk management structures, organized the centralized filing and headquarters sharing of subsidiaries' regulatory reporting, improved subsidiaries' operational risk and liquidity risk management systems, and enhanced subsidiaries' risk management capabilities and efficiency.

In 2023, subsidiaries' business operations, management, and various risk management activities proceeded in an orderly manner, with stable systems and personnel support, and no major risk incidents or losses occurred.

In 2023, the Company promoted a prudent risk culture, improved the performance evaluation, supervision, and training mechanisms, and actively guided all employees to develop risk awareness, adhere to bottom-line thinking, and contribute to the realization of the Company's comprehensive risk management objectives.

### ☉ CSC's Measures for Risk Management Culture Construction in 2023

#### Implementation of risk management performance evaluation

- The Risk Management Department evaluated the risk control processes and outcomes of various departments and branches, assessing the implementation of measures and control effectiveness, and supervising the implementation of various systems.
- At the end of the year, it scored relevant items on the balanced scorecard for performance assessment of various departments and branches based on the evaluation results. It also provided performance evaluation veto opinions for institutions involved in serious violations or major risk incidents.

#### Implementation of risk management audit and supervision

- The Audit Department incorporated comprehensive risk management into internal audit scope, and conducted internal supervision and evaluation of the Company's risk management, providing independent and objective oversight, inspection, evaluation, reporting, and recommendations for the Company's business and management activities.

#### Strengthening risk culture training and education

- The Company introduced the risk management system during compliance personnel meetings and new employee training to promote the Company's risk management philosophy.
- The Company's WeChat account featured the "Compliance and Risk Control Law Garden" section, which published two issues of risk education prompts.
- Specialized risk management training was organized, including project management and risk prevention and control, as well as brief analysis of risk cases in commodity futures.



### Conducting themed training “Brief Analysis of Typical Risk Cases in Commodity Futures”

On February, 2023, the Company conducted a training session on “Brief Analysis of Typical Risk Cases in Commodity Futures”. Risk control personnel from China Futures participated in the training.

The training provided detailed introductions to risk events that occurred in the futures market in recent years, including the triggering risk factors, development process, and market impact. It also explained the lessons learned from each case and risk control measures.



 Training “Brief Analysis of Typical Risk Cases in Commodity Futures”

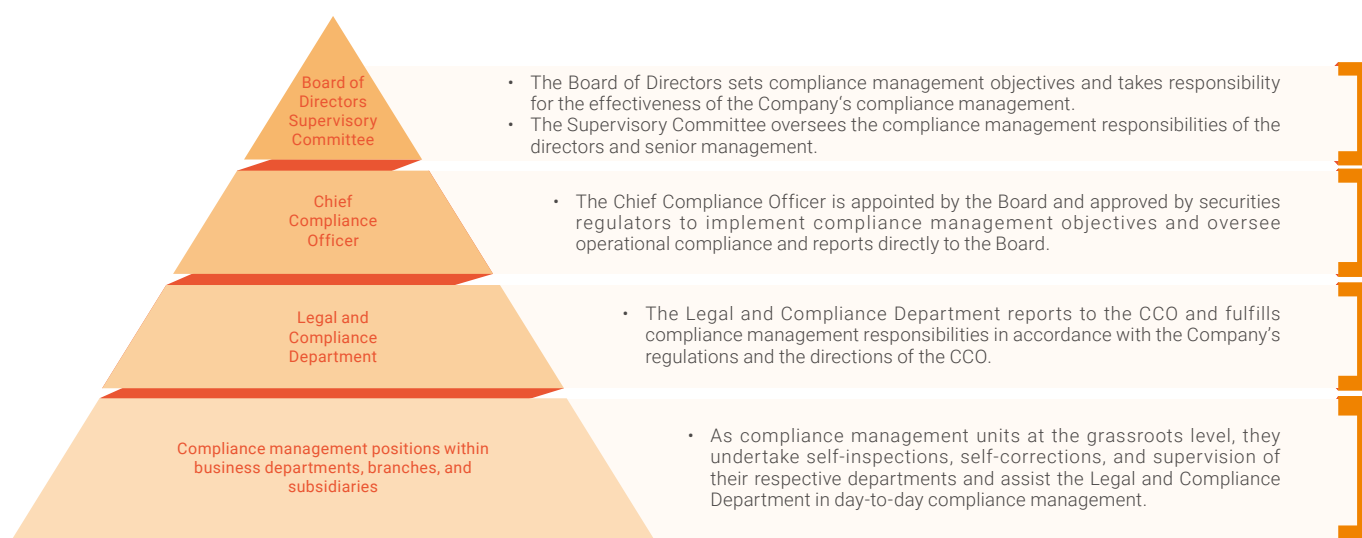
- The Company has been included as **one of the six securities companies** in the CSRC’s Consolidated Supervision Pilot Program since 2020.
- The Company first participated in S&P’s sustainability assessment in 2021 and received a BBB+/Stable credit rating. It is the first securities company in China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

## ○ Refining Operational Compliance

Committed to the industry tenets of “compliance, integrity, professionalism, and stability”, CSC continues to foster a compliance culture in line with the idea that “compliance is practiced by all employees, compliance creates value, and compliance is the foundation for the Company’s survival”. The Company builds and improves its compliance and compliance management systems in accordance with relevant laws, administrative regulations, and provisions of regulatory authorities and self-regulatory organizations, so as to comprehensively enhance our capabilities of legal and compliant operations.

The Company has established a compliance system centered on the *Compliance Management Measures* and the *Compliance Manual*, built a sound compliance management system, and clearly defined compliance responsibilities at all levels, steadily promoting various compliance management initiatives.

### ○ CSC’s Compliance Management Framework



In 2023, the Company implemented various regulatory requirements, issued the *Action Plan for Enhancing Compliance Management. (2023-2025)*, further consolidated internal control systems, firmly upheld the red line of preventing major compliance risks, continuously strengthened compliance management mechanisms, and enhanced business compliance control capabilities, supporting the Company’s high-quality development. In 2023, the Company’s Supervisory Committee led the establishment of an inter-departmental evaluation team to conduct a comprehensive evaluation of the effectiveness of the Company’s annual compliance management, and no major compliance risks were found.

### ○ CSC’s Measures for Risk Management Culture Construction in 2023

#### Strengthening the effectiveness of the compliance system

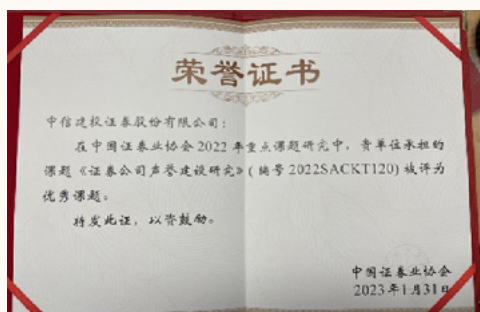
- The Company developed/revised 8 compliance management policies to fully implement regulatory requirements and enhance the compliance management system;
- The Company strengthened the policy review process and developed/revised over 260 internal policies and procedures of all departments.

### Improving compliance sanctions and review

- Incorporated compliance risk control indicators as a deduction (veto) item into the performance evaluations of headquarter, branches, subsidiaries, and employees;
- Established a Compliance Accountability Committee to strengthen compliance accountability and continued to promote “full chain” accountability; combined punishment with education to cultivate an increased compliance awareness across the Company;
- Refined the management of conflicts of interest, embedded conflict of interest management into business systems, gradually increased the monitoring and early warning functions of the central control room, and enhanced information isolation management effectiveness;
- The Audit Department conducted regular internal control evaluations based on national laws, regulations, and the Company’s rules and regulations to assess the soundness and implementation of internal control systems for each department, branch, and subsidiary.

### Enhancing the compliance ecosystem

- Arranged for all employees to sign the Employee Compliance Pledge;
- Released the *Work Plan for Deepening Compliance Culture (2023)*;
- Launched the compliance culture slogan “Management Promotes Development, Compliance Creates Value”, produced a series of compliance culture promotional posters displayed at the headquarters, branches, and subsidiaries;
- Hosted activities such as educational campaigns on the National Security Education Day, and activities for the Constitution Week, to foster full employee participation;
- Continuously strengthened compliance training and testing, with a total of 285 training courses completed by over 134,600 participants in 2023;
- Flexibly used compliance reminders and consultations, publishing 56 compliance reminders, 33 articles on the Company’s WeChat Official Account, and 17 compliance information newsletters throughout 2023;
- Conducted research on compliance topics to deepen the intrinsic understanding of compliance and harmoniously develop compliance management research and practice.



“Research on Reputation Building in the Securities Industry” won the 2022 Outstanding Research Award from the SAC (Securities Association of China)



“Research on Constructing a Long-term Mechanism for Integrity Building in the Securities Industry” won the Third Prize in the 2022 National Evaluation of Ideological and Political Work and Cultural Construction in the Financial System

Research results were included in the “Research Repository on Party Building and Ideological and Cultural Construction in the Chinese Financial Industry” by the China Financial Thought and Political Work Research Association

## ○ Deepening Data Security

The data involved in CSC's business operations mainly includes customer data, transaction data, and product data, with customer data containing personal identity information, property information, credit information, and other customer privacy information.

As data assets increasingly become a crucial strategic resource for enterprise development, the foundational role of data security cannot be overlooked. The Company strictly complies with the *Data Security Law*, the *Personal Information Protection Law of the People's Republic of China* and other laws and regulations. Based on the *Data Management Capability Maturity Assessment Model (GB/T 36073-2018)* (DCMM), we have established a system covering eight major data management areas, including data security and data quality, and has built a three-tier data security management architecture consisting of "supervision, management, and execution" levels, promoting the construction of a systematic, standardized, and professional data security management system.

In 2023, we continuously improved our management system by formulating the *Data Security and Privacy Protection Management Statement*, the *Measures for Data Security Management (for Trial Implementation)*, the *Measures for Data Classification and Grading Management (for Trial Implementation)* and the *Personal Information Protection Management Measures*. We promoted high-standard data security specifications and strictly implement customer privacy protection measures that cover our operations and suppliers.

In 2023, no data breach incidents occurred.

### ○ CSC's Data Security Management Measures in 2023

#### Optimizing safety monitoring and investigation

- Improved WAF coverage of Internet business system, optimized interception rules, effectively intercepted and blocked attack requests;
- Optimized the host log collection, memory horse detection and webshell detection modules to achieve full coverage of host log collection and memory horse detection capabilities;
- Optimized the server vulnerability management strategy and continue to promote server vulnerability repair through monthly vulnerability scanning;
- Carried out offensive and defensive combat drills, investigated the Company's data security risks, and rectified security risks and loopholes.

#### Building a security management platform

- Continued to build the DevSecOps system, connecting the process and data flow of the development security management platform, demand management platform and test management platform, and realized the automated and visualized management of security requirements and vulnerabilities in the development process;
- Implemented the internal and external network office terminal isolation mechanism, restricting the terminals that can access the Internet from accessing the internal information system, and preventing the internal system data security from being affected by the attack on the office terminal;
- Improved the construction of the terminal security audit and screen recording system, which has covered all the headquarters terminals that can access the internal system.

#### Passive response to data breach

- Developed emergency response plans and data leakage response plans for all information systems;
- Any incident of information leakage would be immediately reported to the Company's information system emergency response leadership team to prompt immediate emergency response procedures. Technical means would be employed to investigate and trace the source, and the various business departments would handle businesses in accordance with their respective emergency response plans.

#### Innovation and transformation of information technology

- Optimize three trading systems: Qingting Dianjin, Tongdaxin and Tonghuashun app;
- Carried out OTC system transformation and upgrading, fully loaded business data and adapted to day trading, clearing batch processing and other full-stack business types.

- The Company have obtained the ISO 27001 International Information Security Management System certification, and the graded security and grading filing system conforms to the evaluation standard of grade protection 2.0.
- As a data owner (principal), we participate in the DCMM (Data Management Capability Maturity Model) certification evaluation, and our data management capability maturity is certified as "robust" (Level 3).



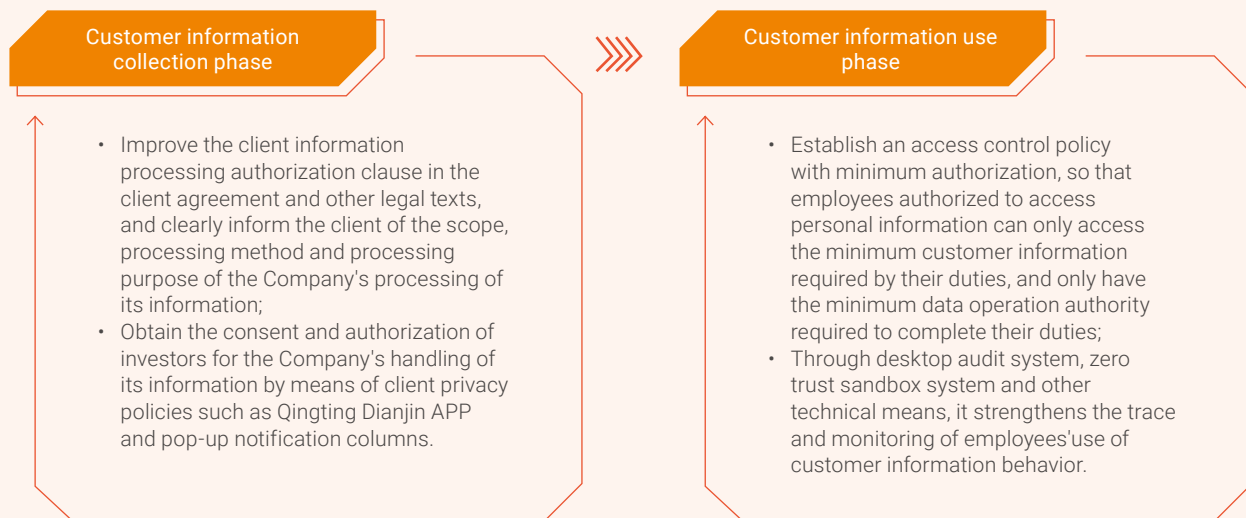
ISO 27001 International Information Security Management System certification



DCMM "robust" certification

In terms of customer privacy protection, the Company have integrated customer information security protection measures throughout the entire customer data full-lifecycle. We constantly improve management standards and processes for collecting, using, storing, correcting, and deleting customer information, to prevent the risk of customer information leakage and build a "security barrier" for customer personal information.

### ○ CSC's Lifecycle Management of Customer Privacy Protection



Furthermore, the Company regularly conducts internal and external special audits on information technology management and information security training. We revise the personal information privacy protection policies on channels such as the official website and the Qingting Dianjin app client and organize learning, to enhance employees' awareness of information security and privacy protection. The internal audit frequency is at least once a year, ensuring that all information technology management items are audited within three years. Every three years, we commission external professional institutions to conduct a comprehensive audit on information technology management, including data security.

**2023 Performance:**

- we conducted internal audits on information technology security management for 19 information systems;
- we passed the annual review of the ISO 27001 security management system certification;
- for all employees (including subsidiaries), we sent 12 issues of the Security Awareness Monthly Newsletter, organized at least one phishing email drill per quarter, and organized one company-wide online security awareness training and examination. For personnel in network, development, operation and maintenance, and other professional technical positions, we conducted professional job-specific security training.

**Customer information storage link**

- Make comprehensive use of network isolation, data encryption, data backup, illegal intrusion monitoring, contingency plan and drills and other technical or management measures to prevent illegal processing, accidental loss or damage of customer information;
- The hardware encryption machine is deployed to encrypt and store the customer information, and the background management system shields and displays the customer information by means of coding.

**Customer information rights protection link**

- Establish and improve the response mechanism for customer information rights, improve the business process for investors to correct and copy their information and cancel their accounts, and protect the rights of customers to correct and copy their information and cancel their accounts;
- Involve displaying personal information through the interface (such as display screen, paper), and taking measures such as de-identification of customer information.



# Feature 2

## Supporting the Real Economy and Giving Full Play to the Support of the Financial Hub



CSC places a high premium on the “The Top Priorities of the Country” and to make a lasting contribution, focusing on its core responsibilities and main business. We consciously endeavor to be the “main force serving the real economy and the ballast ensuring financial stability”. We actively serve the coordinated regional development strategy, promote the growth of technology and innovation industries, drive the optimization and upgrading of traditional industries, and facilitate the enhancement of inclusive financial services by fully leveraging our role as a financial hub.

### ○ Response to the issues

Supporting the real economy

### ○ 2023 Performance highlights

- Helped raise RMB 94,776 million in 67 equity financing projects as lead underwriter, both ranking 2nd in the industry.
- Ranked 1st in the industry in the number of IPO sponsorships; ranked 1st in the number of IPO sponsorships and underwriting amount on SZSE ChiNext; ranked 1st in the number of IPO sponsorships on SSE STAR Market, ranked 1st in the number of IPO sponsorships for specialized, refined, unique and innovative “little giant” enterprises; and also ranked 1st in the number of central government-owned enterprise IPO sponsorships for five consecutive years.
- Completed the largest A-share equity financing project of the year (Postal Savings Bank of China), the largest SZSE ChiNext IPO project of the year (Hunan Yuneng).
- Ranked 1st in the industry in the cumulative number of IPO sponsorships and the total amount sponsored since the opening of the BSE (Beijing Stock Exchange).
- Underwritten 3,280 bonds in total, with an underwriting amount of RMB 1,545,706 million, ranking 2<sup>nd</sup> in the industry; ranked 1st in the industry for nine consecutive years in the number of corporate bonds underwritten.
- Ranked 1st in the industry in the issuance amount of public REITs and quasi-REITs.
- Ranked 3rd among Chinese securities firms in overseas bonds underwriting amount.



## ○ Serving the Coordinated Regional Development Strategy

Finance plays a crucial role in fostering the new development paradigm and supporting coordinated regional development. In 2023, CSC set up a leading group to buttress and serve the regional strategies of Beijing-Tianjin-Hebei, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area and Chengdu-Chongqing Economic Circle. Leveraging its financial strengths, CSC has been dedicated to serving the high-quality economic growth of various regions by implementing the nation's regional development strategies.

### 2023 Performance:

- we ranked 1st in the industry in the number of IPO sponsorships in Beijing (for 6 companies), Shanghai (for 3 companies), Guangdong (for 5 companies), and Sichuan (for 2 companies); for overall bond underwriting amount, we ranked 1st in the industry in provinces such as Zhejiang, Anhui, Henan, Hunan, Hubei, and Jiangxi;
- we ranked among the top in the market for lead underwriting of stocks and bonds in the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Pearl River Delta, and the Sichuan-Chongqing region;
- From 2019 to 2023, we completed 27 IPOs and refinancing projects in the Chengdu-Chongqing region, raising nearly RMB 47 billion in total. We ranked 1st in regional market in terms of both the number of financing projects and financing amount. We also completed nearly 900 bond financing projects, with a total financing size of nearly RMB 390 billion, ranking 1st in the region in terms of both number of financing projects and financing amount, thereby supporting the high-quality development.



### Boosting the high-quality development of the Chengdu-Chongqing economic circle

In December 2023, Chongqing Yufu Holding Group Co., Ltd. successfully issued corporate bonds with a scale of RMB1.1 billion on the SSE. CSC acted as a joint lead underwriter for this project, which was the first-ever pure 15-year corporate bond in the Southwest region, further exemplifying our efforts to drive economic growth in the Chengdu-Chongqing region.



### Laizhou Rongfa Mother Fund supporting “industry-city integration” in Laizhou City

In July 2023, the Laizhou Rongfa Fund Partnership (Limited Partnership), a comprehensive mother fund initiated and established jointly by China Capital and Laizhou Municipal Finance Investment Co., Ltd., with a total size of RMB 3 billion, was filed with the Asset Management Association of China (referred to as Laizhou Rongfa Mother Fund). This is the first mother fund in Laizhou City, Shandong Province, oriented towards infrastructure construction, industrial park development, and industrial transformation and upgrading.

The establishment of the Laizhou Rongfa Mother Fund has broadened the financing channels for municipal construction in Laizhou City, creating a diversified mechanism for introducing funds to support local infrastructure development and urban growth. It also provides more extensive resource channels for industrial investment, development, and introduction within the region, thereby contributing to the “industry-city integration” development landscape.

## Supporting the Development of Innovative Technology Industries

Since the 18th National Congress of the Communist Party of China, the Party and the state have placed a high priority on scientific and technological innovation, adhering to the principle of making innovation the primary driving force for development. The Central Financial Work Conference has emphasized the need to promote the virtuous cycle of "technology-industry-finance." Implementing the national strategy for scientific and technological innovation, CSC has been supporting high-level self-reliance in science and technology, with a focus on strategic emerging industries such as advanced manufacturing, new-generation information technology, new energy, new materials, biotechnology, as well as specialized, refined, unique, and innovative enterprises. With high-quality integrated financial services, we aim to empower technological innovation and the construction of a modern industrial system.

### 2023 Performance:

- we served 30 IPOs in strategic emerging industries and of 15 national-level specialized, refined, unique, and innovative "little giant" enterprises.
- we completed 12 IPOs on the SSE STAR Market, 12 on SZSE ChiNext, and 5 on BSE.
- we acted as the lead underwriter for 148 technology innovation corporate bonds and sci-tech innovation bills. The total underwriting scale was RMB 64,560 million, ranking second in the industry for the number and amount of main underwriting of scientific and technological innovation corporate bonds.



### Facilitating PSGC's successful listing on the SSE STAR Market

Peric Special Gases Co., Ltd (referred to as PSGC) has long been dedicated to the R&D and industrialization of electronic specialty gases, with its internationally leading core technologies. In April 2023, PSGC successfully listed on the SSE STAR Market.

As the sponsor and joint lead underwriter for this project, CSC successfully sponsored PSGC's listing on the SSE STAR Market, exemplifying our efforts to "serve the real economy and implement national strategies".



PSGC's successful listing on the SSE STAR Market



### Successful sponsorship of YZYBIO's H-Share Main Board IPO, supporting development of biopharmaceutical industry

In September 2023, our subsidiary China Securities International completed the H-share Main Board IPO sponsorship project for Wuhan YZY Biopharma Co., Ltd. (referred to as YZYBIO), raising HKD 190 million. YZYBIO is a biotechnology company dedicated to developing bispecific antibody (BsAb)-based therapies for the treatment of cancer-associated complications, cancer, and age-related ophthalmologic diseases, which designed and developed seven clinical-stage drug candidates in its pipeline.

China Securities International acted as the sole sponsor, overall coordinator, joint global coordinator, joint bookrunner, and joint lead manager for this project. This marks China Securities International's first project as the sole sponsor for an 18A<sup>1</sup> biotech company, exemplifying our efforts to support the development of the biopharmaceutical industry.



#### Annotation

18A biotech companies refer to companies that meet the requirements set forth in Chapter 18A "Biotech Companies" of the Hong Kong Stock Exchange's Main Board Listing Rules.



### Facilitating the listing of Groundsun, a "little giant" in enhanced heat transfer technology, on the BSE

Beijing Groundsun Technology Co., Ltd. (referred to as Groundsun), a national-level specialized, refined, unique, and innovative "little giant" enterprise, is dedicated to the R&D and application promotion of enhanced heat transfer technology. Driven by technological innovation, the company provides customers with efficient, energy-saving, and stable integrated heat transfer solutions. In December 2023, Groundsun successfully listed on the BSE.

CSC acted as the sponsor and lead underwriter for the Groundsun listing project on BSE. This listing and the support from the capital market will effectively address Groundsun's production bottlenecks, facilitating technological innovation, expansion into new application areas, and injecting lasting momentum for its sustainable development.



### Assisting Hangzhou Xiaoshan Economic and Technological Development Zone State Owned Capital Holding Group Co., Ltd. in successfully issuing the first innovation corporate bonds in Hangzhou Development Zone

In June 2023, as the sole lead underwriter and bookrunner, CSC assisted Hangzhou Xiaoshan Economic and Technological Development Zone State Owned Capital Holding Group Co., Ltd. in successfully issuing its 2023 Private Placement of Technology Innovation Corporate Bonds (Second Tranche) with the bond code 23XKK2, marking the first technology innovation corporate bond in the Hangzhou Development Zone and setting the lowest interest rate for innovation-focused corporate bonds issued by development zone entities nationwide in 2023.

With an issuance size of RMB 300 million, the proceeds from 23XKK2 will be used for the construction of Phase I of the Zhejiang University Hangzhou International Science and Innovation Center, supporting the establishment of Zhejiang Province as a high ground for independent innovation and the planning of major innovation platforms.

## ○ Driving the Optimization and Upgrade of Traditional Industries

Traditional manufacturing serves as the foundation for a modern industrial system. The 20th Central Committee for Financial and Economic Affairs explicitly stated, "We must persist in promoting the transformation and upgrade of traditional industries and cannot simply phase them out as "low-end industries". Through direct equity investments and other means, CSC has been driving the transformation of traditional industries toward high-end, intelligent, and green developments.



### Investing in the "Mooe Robot Project" to Facilitate "Transformation and Upgrading of Manufacturing Industry"

In March 2023, Hefei Xingbang Advanced Manufacturing Equity Investment Partnership (Limited Partnership) managed by our subsidiary China Capital invested RMB 40 million in Shanghai Mooe Robot Technology Co., Ltd. (referred to as Mooe Robot).

Mooe Robot is a technology company leading the global "digitalization of pallet handling". It possesses Level 4 autonomous driving and digital management technologies, dedicated to the design, R&D, and practical applications of autonomous forklifts, autonomous vehicles, and intelligent logistics solutions. Autonomous forklifts can effectively drive intelligent transformation across various industries, including manufacturing and services, thereby enhancing operational efficiency.

## ○ Facilitating the Enhancement of Inclusive Financial services

In October 2023, the State Council issued the *Implementation Opinions on Promoting High-Quality Development of Inclusive Finance*, explicitly proposing that "to support the sustainable development of small and micro business entities". Small and medium-sized enterprises (SMEs) are not only the driving force behind national economic and social development but also an important force for expanding employment, improving people's livelihood, and promoting entrepreneurship and innovation. CSC has been attentive to the development needs of micro, small, and medium enterprises (MSMEs), continuously improving its financial product offering system, actively engaging in financial product innovation, providing financing support for MSMEs, enhancing their risk management capabilities, and effectively addressing the development challenges faced by MSMEs.



### Facilitating the issuance of SME financial bonds to improve financial services for SMEs

The issuance of SME financial bonds is an effective practice for financial institutions to implement policies supporting SMEs and a beneficial exploration for CSC to innovate debt financing services for MSMEs.

In April and May 2023, as the lead underwriter, CSC facilitated the issuance of two tranches of SME financial bonds for Bank of Beijing, with a total issuance size of RMB 25 billion. The proceeds raised will be specifically used for lending to small and micro enterprises. In September, with CSC as the lead underwriter, Beijing Rural Commercial Bank Co., Ltd. successfully issued its 2023 SME lending special financial bonds in the national interbank bond market via a book-building process, with an issuance size of RMB 5 billion.



### Facilitating the successful issuance of China's first county-level consumer infrastructure CMBS

In June 2023, the Commercial Mortgage-Backed Securities (CMBS) Program of CSC-Puyuan Fashion Center was successfully established, with CSC serving as the program manager and sole lead underwriter. This project represents China's first county-level CMBS and marks a pioneering breakthrough in the securitization of local economic consumer infrastructure assets.

The original equity holder of this project is Tongxiang Puyuan Fashion Industry Development Group Co., Ltd. (referred to as Puyuan Fashion Group). Puyuan Fashion Group is primarily responsible for operating the Puyuan Sweater Industry Park, dedicated to providing a favorable business environment and comprehensive support for local small and micro enterprises. The successful issuance of this CMBS project will help Puyuan Fashion Group revitalize its existing assets, enhance its operational capabilities, and further provide a favorable business environment for the development of local small and micro enterprises and various market entities.



### "Basis Trading + Warehouse Receipt Service" effectively addressing challenges faced by SMEs in the aluminum industry chain

In 2023, China Futures's subsidiary, Fangdun Commodities (Chongqing) Co., Ltd. (referred to as Fangdun Commodities), fully leveraged its price risk management and inventory risk management functions. By employing basis pricing, it addressed the pricing uncertainty and capital pressure faced by small and medium-sized enterprises in the aluminum ingot industry chain due to long pricing and settlement cycles. Additionally, through warehouse receipt services, it further reduced the capital occupation of small and micro enterprises, injecting new momentum into their operations.

For instance, Fangdun Commodities customized a comprehensive "supply stabilization and price stabilization" service package for a locally-based private small and medium-sized auto parts manufacturing company in Chongqing, Company A. This package included basis trading, warehouse receipt services, logistics and distribution services, among others, tailored to the company's operational needs. These services helped Company A achieve cost reduction and efficiency improvement while mitigating operational risks.





# Feature 3

## Embracing ESG Principles and Conducting Sustainable Finance



CSC has established a comprehensive sustainable finance system, continuously strengthening its ESG capabilities and deepening ESG investment and financing practices. It strives to create greater value in the green transformation of the economy and inclusive growth, contributing to the modernization drive in China and facilitating the realization of the United Nations Sustainable Development Goals.

### Response to the issues



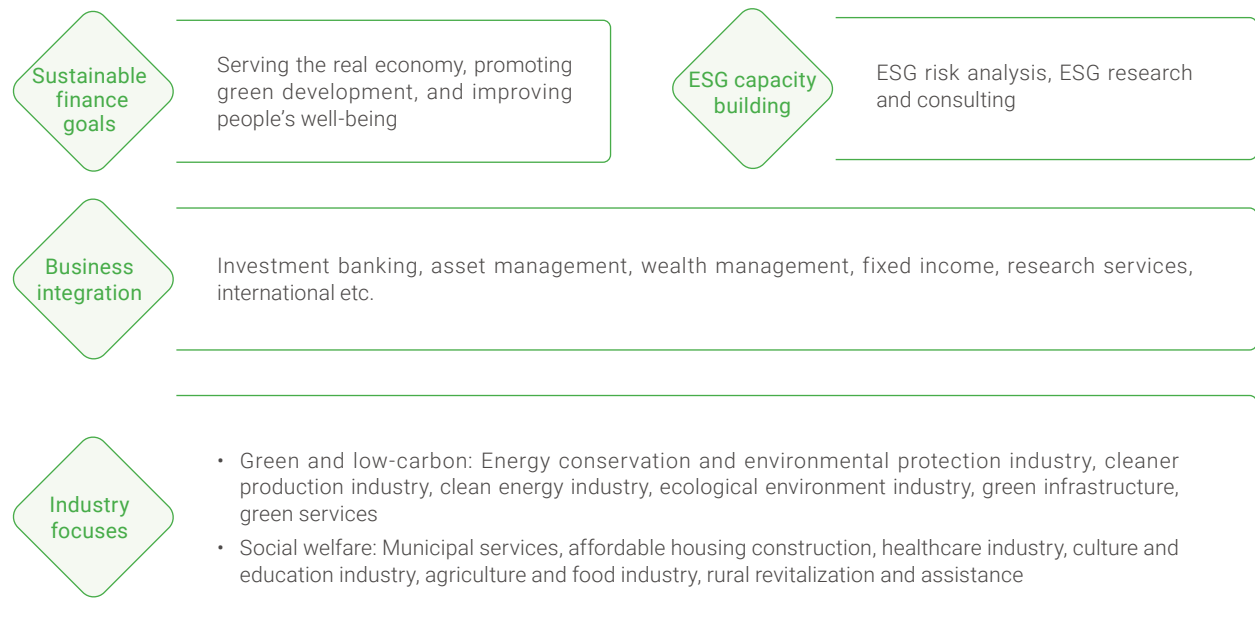
### 2023 Performance highlights

- Acted as lead underwriter for 105 green bonds, with an underwriting amount of RMB 62,621 million and total proceeds raised of RMB 360,234 million. This included 21 carbon-neutral bonds with an underwriting scale of RMB 7,702 million and total proceeds raised of RMB 27,183 million. Acted as lead underwriter for 5 rural revitalization and poverty alleviation bonds, with a lead underwriting scale of RMB 871 million and total proceeds raised of RMB 3,080 million.
- Completed 12 green equity financing projects, with an underwriting amount of RMB 27,657 million and total financing of RMB 29,889 million; Completed 7 equity financing projects in the social welfare sector, with an underwriting amount of RMB 5,852 million and total financing of RMB 7,990 million.
- The Asset Management Department invested in 106 green special bonds, with a total investment of RMB 5,817 million. The Fixed Income Department made proprietary investments in 85 green bonds, with a total investment scale of RMB 6,488 million.
- The Asset Management Department invested in 39 social welfare bonds, with a total investment of RMB 1,977 million. The Fixed Income Department participated in 33 social welfare bond investments, with a total scale of RMB 6,912 million.

## ○ Sustainable Finance System

CSC has established a sound sustainable finance system, continuously integrating ESG factors into various financial services, such as investment banking, asset management, wealth management, fixed income, research services, and international business. We focused on green and low-carbon as well as social livelihood sectors, deepening our ESG practices and striving to create greater value in the green transformation of the economy and inclusive growth.

### ○ CSC's Sustainable Finance Framework



## ○ ESG Capacity Building

CSC actively practices the concept of sustainable principles by continuously strengthening its ESG capabilities through enhancing client ESG risk management, implementing ESG due diligence, and conducting ESG research and consulting. We are committed to achieving the goal of “serving the real economy, promoting green development, and improving people’s well-being”.

### ESG risk management

Sound ESG risk management for clients is crucial for the sustainable and steady development of investment and financing businesses in financial institutions. The Company continuously improves client ESG risk management and strengthens its practices, establishes a sound ESG risk management structure and management system, and continuously enhances ESG risk management measures to effectively improve its ESG risk management capabilities.

In 2023, the Company formulated and issued the *ESG Risk Management Statement (2023 Edition)*, which incorporates ESG factors as an important dimension in evaluating investment and targets and incorporates ESG risks into its investment banking, asset management, fixed income, and stock pledge repurchase businesses by improving the ESG risk management framework and ESG management business process. This requires relevant business departments and branches to implement the Company’s ESG risk management regulations within their respective responsibilities, and strictly implement front-line ESG risk control.

## ○ CSC's Customer ESG Management Framework



To effectively prevent client ESG risks from translating into risks for the Company, the Company proactively incorporates ESG factors into business processes such as client review and credit analysis, project decision-making and approval, and subsequent project management, fully identifying, evaluating and managing client ESG risk.

The Company integrates ESG factors into the due diligence systems for its investment banking, stock pledge repurchase, and investment businesses. Relevant requirements for ESG due diligence are clearly stated in internal regulations such as the *Implementation Rules for Due Diligence in Repurchase Transactions on Share Pledging basis of the Securities Financing Department*.



### Annotation

ESG due diligence is an essential part of ESG risk management. It helps the Company fully understand client ESG risk exposure levels and ESG risk management capabilities, accurately identify, prudently evaluate, and dynamically monitor client ESG risk exposures in investment and financing businesses, enabling the Company to take timely countermeasures and effectively control risks.



### Key Points of CSC's ESG Due Diligence in Its Investment Banking Business

<p><b>Environmental</b></p>	<ul style="list-style-type: none"> <li>For the environmental dimension, business departments pay attention to the measures, investment, and future environmental protection plans of the issuer during the due diligence process; the operation status of the issuer's environmental protection facilities and on-site observation of the discharge of the three wastes, to investigate whether the issuer processes pollution treatment facilities and their operational status. They also review whether the issuer has any major environmental violations and penalties; and whether the issuer's existing projects and projects under construction have undergone environmental impact assessments.</li> </ul>
<p><b>Social</b></p>	<ul style="list-style-type: none"> <li>For the social dimension, business departments conduct due diligence on product quality, production safety, employee protection, etc.                     <ol style="list-style-type: none"> <li>① In terms of production safety, they investigate whether the issuer has major safety hazards, measures to ensure production safety, whether the issuer has had any major safety accidents or received penalties since its establishment, and the issuer's investment in production safety and potential future investment.</li> <li>② In terms of product quality, they interview the issuer's senior management and quality control personnel, review the issuer's quality control system documents, as well as relevant national, industry, and enterprise standards to understand the issuer's quality control organization, processes, and operations.</li> <li>③ In terms of employee protection, they investigate whether the issuer has violated any laws or regulations in implementing national employment systems, labor protection systems, social security systems, housing systems, and medical security systems, as well as the employees' working conditions, work enthusiasm, and job satisfaction.</li> </ol> </li> </ul>
<p><b>Corporate governance</b></p>	<ul style="list-style-type: none"> <li>For the corporate governance dimension, they focus on whether the issuer, its controlling shareholder, or actual controller has been involved in criminal offenses such as corruption, bribery, misappropriation of property, embezzlement, or disrupting the socialist market economic order, or has been involved in securities fraud, major violations of information disclosure, or other major violations in areas concerning national security, public security, ecological security, production safety, and public health and safety.</li> </ul>

### Key Points of CSC's ESG Due Diligence in Its Stock Pledge Repurchase Business

The Company further clarifies the key points of ESG due diligence in the due diligence system. Each due diligence entity conducts ESG due diligence in the stock pledge repurchase business, issues due diligence reports, and records the ESG-related key points involved.

<p><b>Due diligence regulations</b></p>	<ul style="list-style-type: none"> <li><i>Implementation Rules for Due Diligence in Repurchase Transactions on Share Pledging basis of CSC Financial Co., Ltd.</i></li> </ul>
<p><b>Key points</b></p>	<ul style="list-style-type: none"> <li>During due diligence, communicate with the financing party and require entities engaged in business operations to provide credit certificates, product quality, production safety, environmental protection, and materials related to regulatory penalties and negative incidents involving violations; require entities engaged in business operations involving highly polluting projects to provide project environmental impact assessment documents, and collect first-hand information on environmental assessments, government supervision, and penalties;</li> <li>Environmental factors are to be taken as one of the key concerns of due diligence, which requires that the use of funds by the financier shall not be invested in industries listed in the catalog of phase-out industries issued by the relevant national ministries and commissions.</li> </ul>

Furthermore, in the Company's proprietary debt investment business in 2023, during the routine bond review and credit analysis process, we paid attention to whether the investee's industry is related to environmental protection and other fields, focused on collecting information related to product safety and quality, environment, and corporate governance, and incorporated it into the analysis of investees. In the bond investment analysis stage, we incorporated ESG factors into relative value analysis, comparing the ESG bond price spreads and relative values of the issuer with those of other bonds in the same industry to analyze whether all risk factors have been considered, and calculate the corresponding credit spreads for inclusion in the investment pricing model. For more specific practices of ESG risk management in proprietary equity investment and asset management businesses, please refer to the "Responsible Investment" section.



### ESG due diligence conducted on bond issuance project of a hydropower construction group

In 2023, CSC conducted ESG due diligence on a hydropower construction group's bond issuance project by listening to the issuer's online roadshow. We asked questions and discussed the issuer's information related to environmental, social, and corporate governance aspects, and gained an understanding of ESG risks of the issuer.

The issuer's mission is to develop clean energy power, and it has established clean energy supply systems for several developing countries. In the specific construction process, it ensures that design proposals, design standards, and design levels fully consider the local environment and long-term economic development.

For high ESG risk industries, the Company pays special attention to project risk control standards, industry concentration, due diligence requirements, and review processes in industries such as agriculture, biodiversity, energy use, mining, oil and gas, and other environmentally sensitive industries, enhancing ESG due diligence requirements and strengthening business reviews to control the concentration of high ESG risk industries.

#### Investment banking business

- For high ESG risk industries, investment banking businesses follow the *Guiding Opinions on Strengthening Ecological and Environmental Source Control for High-Energy Consumption and High-Emission Construction Projects* and the *Consolidated List of Environmental Protection* issued by the Ministry of Ecology and Environment. They pay close attention during due diligence, business review, and business operations, with stricter requirements.
- For "high energy consumption and high emission" projects, during investment banking due diligence, we focus on whether the issuer's production operations and investment projects belong to restricted or eliminated industries or outdated capacities; the issuer's main energy resource consumption and compliance with local energy conservation authority's regulatory requirements; whether the issuer's existing projects comply with the requirements of environmental impact assessment documents and implement pollutant total reduction and replacement requirements, etc.
- For bond underwriting businesses in industries with overcapacity, we pay close attention to whether they comply with national industrial policies and regulatory indicators, including: steel, cement, flat glass, coal chemicals and other industries.

#### Investment business

- For proprietary debt investment businesses, we manage industry concentration and impose concentration limits on overcapacity industries, including Investments in overcapacity industries are limited to enterprises with leading positions, policy support, and strong certainty of future operational improvement, and set a cap on the concentration of investment in these industries.
- For investments in high environmental risk areas such as agriculture, biodiversity, energy utilization, forestry, mining, oil and gas, transportation, raw materials, and chemicals, we will focus on evaluating and monitoring compliance with ESG assessment standards, paying attention to factors such as energy consumption, environmental pollution, and production safety.

In addition, the Company continued to strengthen the cultivation of employees' awareness of ESG risk management, and carried out ESG publicity and training on topics such as *Concept and Development of Environmental, Social and Governance (ESG)* and *Latest ESG Regulatory Requirements and ESG Management Practices* around ESG concepts, ESG supervision, and ESG practices, so as to improve employees' ESG risk management literacy and capabilities.



### China Securities International - Hong Kong Listing Rules and ESG Practices and Case Studies Training

In 2023, CSC International organized the "Hong Kong Listing Rules and ESG Practices and Case Studies" Training, which introduced the consideration of ESG factors in the IPO due diligence process and post-IPO compliance requirements. The training included ESG perspectives in the due diligence of the sponsor, ESG disclosure in the prospectus, and ESG compliance requirements for listed companies, etc., with a total of 176 participants recorded.

## ESG Research and Consulting

ESG research and consulting are another avenue for building the Company's ESG capabilities. The Company has set up a multi-factor and ESG strategy team in the R&D Department. In 2023, the team focused on ESG investment strategies, investment portfolio carbon emissions measurement, and thematic funds, among other areas, to conduct responsible investment and ESG research. This effort aims to strengthen the theoretical foundation of the Company's ESG investment and financing business and provide research and advisory services to clients, such as listed company and investment portfolio carbon emissions measurement models, ESG practices research, and ESG fund research.

Furthermore, the Company contributes to the construction of the industry's ESG ecosystem by organizing or actively participating in industry ESG exchange activities, engaging in ESG index compilation, and conducting ESG product research.



## ○ CSC's ESG Research and Consulting Achievements in 2023

### Releasing ESG research reports

- R&D Department released more than 10 in-depth reports on ESG themes, including ESG fund research, ESG industry in-depth analysis, carbon emissions measurement for listed companies and investment portfolios, ESG monthly tracking, and investment strategies, among others;
- The Asset Management Department conducted research on ESG-related investment value and risk analysis in industries such as steel, energy, transportation, power, and other traditional transformation industries, and produced specialized research reports;
- China Capital completed research reports on the *Photovoltaic Industry Cycle Research Report*, *New Materials Industry Investment Research Report*, *Carbon Asset Investment Research Report*, and other research reports in the 30-60 carbon neutrality field.

### Conducting ESG product research

- China Futures participated in the compilation of the Chinese Foreign Trade Carbon Cost Index (Steel);
- China Futures assisted the Guangzhou Futures Exchange in promoting the research and listing of multiple green futures products.

### Participating in industry communication

- Hosted a subforum on Sustainable Finance and ESG Ratings as part of the CSC 2023 Capital Market Summit;
- Organized the "Digital Finance and ESG Special Session", focusing on China's new development landscape and exploring ESG investment opportunities in the capital market;
- Co-hosted the "Low Carbon Empowerment, Common Development" Overseas Debt and ESG Special Closed-door Seminar;
- Participated in the "ESG Supply and Demand Matchmaking Event" organized by the SSE, the "Financial Institution Environmental Information Disclosure Closed-door Seminar" co-organized by the Green Finance Forum of 60, the Annual Work Conference of the Green and Sustainable Investment Committee of the Asset Management Association of China, and the "Securities Asset Management Institution ESG Investment" research exchange meeting organized by SAC;
- China Futures held closed-door salons on carbon neutrality topics such as the EU Carbon Border Adjustment Mechanism, new green certificate regulations, and the restart of CCER;
- China Securities International participated in the 9th Annual ESG Guideline Conference organized by the International Capital Market Association (ICMA).



### Providing ESG research and consulting services to help address sustainability-related risks

In 2023, the Company's Multi-factor and ESG Strategy team engaged in various ESG research and advisory practices, assisting clients in actively addressing sustainability-related risks and generating revenue of RMB 5 million from ESG research and advisory services.

- Provided a "Listed Company and Investment Portfolio Carbon Emissions Measurement Model" research and advisory service to a major domestic wealth fund. The service included reviewing mainstream carbon emissions calculation models in the market, collecting carbon emissions disclosures from domestic listed companies, constructing CSC's carbon emissions quantitative measurement model, and providing carbon emissions intensity for the overall market, listed companies, and broad indices (such as CSI 300, CSI 800, and CSI 1000), among others, helping the client address sustainability-related risks.
- Assisted major domestic wealth funds in conducting ESG practices research, covering subjects such as China Securities Index Co., Ltd., Fidelity Investments, Huatai-PB Fund, and HuaBao Fund. The research included each firm's rating system construction and characteristics, ESG investment practices and advantages, investment strategies, ESG product design and research, and more.
- Conducted in-depth research on ESG public funds, using self-developed fund label libraries, quantitative performance attribution models, and other methods to analyze fund product investment value, providing ESG fund research services to domestic public fund and insurance asset management FOF teams.

## ☉ CSC's Quantitative ESG Research Achievements in 2023

Indicator	Unit	2023	2022	2021
Number of green-themed research reports (such as energy conservation and environmental protection, cleaner production, clean energy, ecological environment, and green services)	Piece	96	108	239
Number of socially-oriented research reports (such as municipal services, healthcare, culture and education, and agriculture and food)	Piece	955	807	1,033
Number of research reports related to the carbon peaking and carbon neutrality goals	Piece	53	19	70
Number of research reports related to major natural disasters	Piece	4	7	5

## ☉ Sustainable Financing

As China accelerates its pursuit of carbon peak and neutrality targets, enterprises have an increasing demand for achieving green transformation and exploring opportunities for sustainable development. Based on our sustainable finance framework, CSC focuses on the green and low-carbon sectors as well as social well-being areas, building a diversified sustainable financing business system. Through responsible financing practices, we contribute to the construction of an eco-friendly, environmentally friendly, and inclusive growth-oriented society.

In 2023, the Company supported the development of clean energy, energy transition, energy conservation, environmental protection, and other green and low-carbon-related industries, as well as rural revitalization and poverty alleviation, agriculture, and food, among other social well-being endeavors, through various financial services such as initial public offerings, refinancing, bond issuances, financial advisory, and share pledge financing.

## ☉ CSC's Sustainable Financing Achievements in 2023

### Investment banking business

Category	Equity financing	Bond financing
Green and low-carbon	<ul style="list-style-type: none"> <li>Completed 12 green equity financing projects, including Hunan Yuneng and Risen Energy Co., Ltd., with an underwriting amount of RMB 27,657 million and a total proceeds raised of RMB 29,889 billion.</li> </ul>	<ul style="list-style-type: none"> <li>Acted as lead underwriter for 105 green bonds, with an underwriting amount of RMB 62,621 million and total proceeds raised of RMB 360,234 million. This included 21 carbon-neutral bonds with an underwriting scale of RMB 7,702 million and total proceeds raised of RMB 27,183 million;</li> <li>China Securities International participated in and completed 29 overseas green bond projects, consisting of 22 green bonds, 1 blue bond, and 6 sustainable development bonds, with a cumulative financing amount exceeding USD 10.5 billion.</li> </ul>
Social welfare	<ul style="list-style-type: none"> <li>Completed 7 equity financing projects, raising RMB 7,990 million in socially-oriented equity financing;</li> <li>Assisted Sichuan Gold, an enterprise from a former impoverished county, in completing its IPO on the Main Board of Shenzhen Stock Exchange (SZSE), raising RMB 425 million.</li> </ul>	<ul style="list-style-type: none"> <li>Acted as lead underwriter for 5 rural revitalization bonds with a total underwriting amount of RMB 871 million and total proceeds raised of RMB 3,080 million.</li> </ul>

### Fixed Income Business

Interest rate products	Led the underwriting of 18 ESG bonds with a total underwriting amount of RMB 2,850 million.
Credit products	Led the underwriting of 169 ESG credit bonds with a total underwriting amount of RMB 183,163 million.
Syndicated sales	Sold 144 NAFMII (National Association of Financial Market Institutional Investors) ESG bonds via syndication totaling RMB 10,657 million, including 65 bonds in the green and low-carbon sector totaling RMB 5,547 million, and 79 bonds in the social welfare sector with totaling RMB 5,110 million.

## Sustainable Financing Practices in the Green Sector - Customer Stories



### Sponsoring Risen's Private Placement

In February 2023, Risen Energy Co., Ltd. (referred to as Risen) successfully completed its private placement of shares. As the sole sponsor and lead underwriter, CSC assisted Risen in raising RMB 5 billion, which will be used for a 5GW N-type ultra-low carbon high-efficiency heterojunction cell and 10GW high-efficiency solar module project. This project marks Risen's first mass production of N-type cell modules, which is of great significance for its future development.



### Successfully assisting Hunan Yuneng's IPO on SZSE ChiNext

In February 2023, Hunan Yuneng New Energy Battery Material LTD. (referred to as Hunan Yuneng) listed on SZSE ChiNext, raising a total of RMB 4.5 billion. CSC acted as the sole sponsor and lead underwriter for this project. Hunan Yuneng is the world's largest supplier of lithium iron phosphate cathode materials for lithium-ion batteries, which are a crucial component of the new energy industry. Hunan Yuneng's IPO on GEM will contribute to China's continued development in the new energy industry.



### Supporting blue bond issuance by CGN Wind Energy and sustainable utilization of offshore wind resources

In June 2023, CGN Wind Energy Co., Ltd. successfully issued the "2023 Public Offering of Corporate Bonds for Professional Investors (Blue Bonds) in the Guangdong-Hong Kong-Macao Greater Bay Area for Green Technology Innovation Companies (First Tranche)" on the Shenzhen Stock Exchange. CSC acted as the lead underwriter and bookkeeper for this issuance.

The proceeds from the bond is proposed to be entirely used for the construction of the 750 MW Huizhou Port Offshore Wind Power Project. Upon completion, the CGN Huizhou Port Offshore Wind Power Base will become the first 1 million KW-level offshore wind power project base in the Guangdong-Hong Kong-Macao Greater Bay Area, providing approximately 3 billion kWh of clean electricity annually. This is equivalent to saving nearly 1 million tons of standard coal and reducing carbon dioxide emissions by about 2.35 million tons, equivalent to afforestation of approximately 6,000 hectares.



### Assisting the State Power Investment Corporation Limited successfully issue the country's first central enterprise new energy public REITs

In March 2023, CSC State Power Investment New Energy Closed Real Estate Investment Trust was officially approved by CSRC and SSE, raising RMB 7.84 billion. CSC acted as financial advisor and plan manager, and China Fund acted as fund manager.

The product is the first public REITs of new energy of central enterprises and the first public REITs of offshore wind power in China, injecting a new asset type into the public REITs capital market.

## Sustainable Financing Practices in the Social Sector - Customer Stories



### Assisting the restructuring of Longping High-tech

In October 2023, the acquisition of Longping Agriculture Science Co., Ltd. by Yuan Longping High-tech Agriculture Co., Ltd. (referred to as Longping High-tech) was successfully completed, including the change of the board of directors.

This transaction represents one of the largest cross-border industrial acquisitions by a domestic seed industry listed company in recent years, which will facilitate the synergistic development of both companies. As the sole independent financial advisor, CSC efficiently assisted Longping High-Tech in completing the cross-border integration of the seed industry, embodying our commitment to “ensuring national food and energy security”.



### Sponsoring and Underwriting the IPO of Sichuan Gold

In March 2023, Sichuan Rongda Gold Co., Ltd. (referred to as Sichuan Gold) completed its IPO on the Main Board of SZSE, raising a total of RMB 425 million. CSC acted as the sponsor and lead underwriter for this project.

Sichuan Gold is engaged in gold mining, processing, and sales, and has been recognized as a national-level green mining enterprise and a key gold production enterprise in Sichuan Province. Its location, Muli County of Liangshan Prefecture, was formerly a national key poverty alleviation county and a deeply impoverished county. Sichuan Gold’s successful listing represents a successful integration of resources and capital, exemplifying CSC’s deep commitment to the rural revitalization strategy and efforts to achieve common prosperity in the “Three Areas and Three Prefectures”.



### Leading the issuance of the first science & technology innovation and rural revitalization perpetual bond

In August 2023, CSC acted as the lead underwriter and bookkeeper for the successful issuance of 2023 Public Offering of Science & Technology Innovation and Rural Revitalization Perpetual Bonds (Supporting Revolutionary Old Areas) for Professional Investors on the SSE by China Gezhouba Group Co., Ltd affiliated to China Energy Engineering Group Co., Ltd.

This bond issuance was the first “Science and Technology Innovation + Rural Revitalization + Old Revolutionary Base Area” corporate bond in the market, raising RMB 2 billion. At least 70% of the proceeds will be used for rural revitalization projects (supporting old revolutionary base areas). Upon completion, the projects will effectively improve the transportation facilities in the Dabie Mountain Old Revolutionary Base Area, contributing to local employment development and enhancing the productivity of the labor force, thereby promoting the revitalization of the “Dabie Mountain Old Revolutionary Base Area”.



### Leading the issuance of “Sannong” special financial bonds

In August 2023, Zhejiang Yiwu Rural Commercial Bank Co., Ltd. publicly issued the 2023 Zhejiang Yiwu Rural Commercial Bank Co., Ltd. “Sannong” (i.e. agriculture, rural areas and farmers) Special Financial Bonds (First Tranche) in the national interbank bond market, with all proceeds to be used for agricultural loans.

CSC acted as the sole lead underwriter and bookkeeper for this bond issuance. This project reflects CSC’s active efforts in serving key “Sannong” projects, continuously contributing financial strength to accelerate the building of an agricultural powerhouse, comprehensively promote rural revitalization, and achieve agricultural and rural modernization.



## ○ Responsible Investment

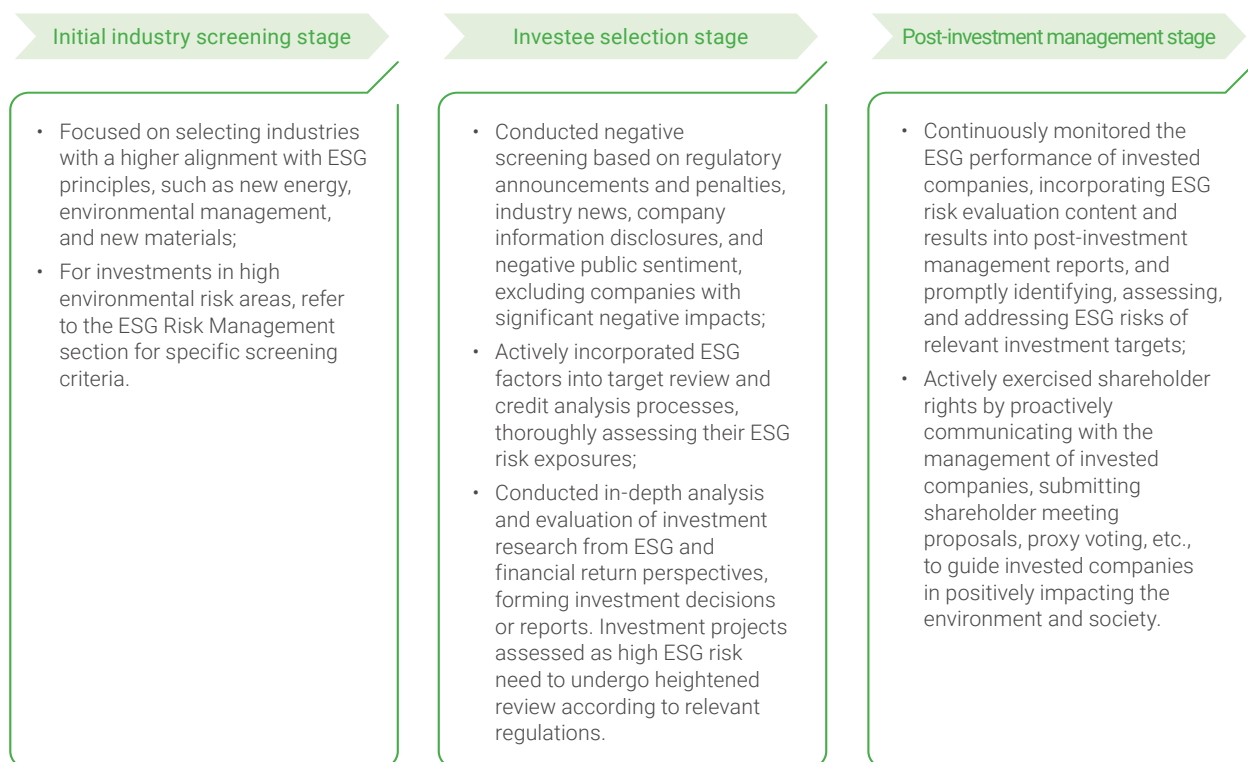
The ESG investment concept of creating long-term value while promoting integrated economic, social, and environmental development has gradually become an emerging investment concept. CSC actively practices the responsible investment concept by deeply integrating ESG concepts into its investment business. We have formulated the *Responsible Investment Statement*, established an organizational structure for responsible investment, and continuously encouraged our investment-related business departments to incorporate ESG factors into research & analysis and investment decision-making processes, thus constantly enhancing our responsible investment level.

Each investment business team and subsidiary has fully implemented relevant requirements, setting up dedicated ESG research groups and establishing ESG investment management systems. The Company's Asset Management Department has established an ESG research group, focusing on ESG evaluation standards and promoting the integration of ESG into fixed-income and equity investments. By using methods like sell-side analyst roadshows and internal researcher reports, the Asset Management Department provided investment managers with comprehensive ESG training to improve their knowledge and practical abilities of ESG investment. In 2023, the Asset Management Department provided over 20 ESG training sessions, recording over 700 participations by investment managers and analysts.

The subsidiary, China Securities Investment, focuses on four investment themes: technology innovation, carbon neutral contribution, advanced manufacturing, and healthy lifestyle. In 2023, it formulated the *Plan for Building the ESG Investment System of China Securities Investment Limited (Draft for Discussion)* to further promote the implementation of ESG investment practices. Another subsidiary, China Capital has also established the *Green Investment Guidelines of China Capital Management Limited (for Trial Implementation)* to provide standardized guidance for investments in the carbon-neutral industrial chain.

In terms of execution, The Company incorporates ESG factors into the entire investment business process of "initial industry screening — investee selection — post-investment management". It promotes the full application of screening, ESG integration, sustainable development thematic investment, impact investment, and active ownership strategies in fixed-income investments, equity investments, and private equity investments.

### ○ CSC's Responsible Investment Process



### ☉ CSC's Practices of Responsible Investment Strategies

	Equity investments	Fix-income investment	Private equity investment
Screening strategy	√	√	√
ESG integration strategy	√	√	√
Thematic investment strategy	√	√	√
Impact investment strategy	√	√	√

In 2023, The Company actively sought investment opportunities aligned with positively impacting the environment and society, conducting numerous responsible investment practices in the green and low-carbon sectors and social welfare sectors to support high-quality economic and social development.

### ☉ CSC's Responsible Investment Practices in 2023

#### Green and low-carbon

- Provided funding support to companies in the photovoltaic, lithium battery, and other sectors, such as LIHAO Semiconductor, JinkoSolar, and Huayi New Energy, through direct equity investments, establishing industry investment funds, and listed company equity investments; promoted the flow of funds into green and low-carbon sectors by investing in green bonds, carbon-neutral bonds, sustainability-linked bonds, etc;
- In 2023, the Asset Management Department invested in 106 green bonds, with an investment size of RMB 5,817 million. The Fixed Income Department made proprietary investments in 85 green bonds, with an investment size of RMB 6,488 million.

#### Social welfare

- Focused on the social welfare industries of healthcare, rural revitalization, and poverty alleviation, supporting the development of companies such as Huahui Health and Fresh Life Style Supply Chain Management through equity and debt investments;
- In 2023, the Asset Management Department invested in 39 social welfare bonds, with an investment size of RMB 1,977 million. The Fixed Income Department participated in 33 social welfare bond investments, with an investment size of RMB 6,912 million.



## Green and low-carbon

### Green and Low-Carbon Sector Investing in Green Bonds Linked to the “China Bond-SW ESG Green Credit Bond Select Index”

- In April 2023, The Company entered into a revenue swap transaction with a counterparty linked to the “ChinaBond-SW ESG Green Credit Bond Select Index”. Through index investing, it invested in green bonds that meet the reference standards of the *Green Bond Endorsed Projects Catalogue (2021 Edition)*, or bonds issued by issuers with overall ESG scores and sub-scores for environment, social responsibility, and corporate governance of 5 or above based on ChinaBond ESG ratings.

### Investing in the Green Technology Innovation Exchangeable Corporate Bond

- In 2023, The Company invested a total of RMB 83.6 million in the Green Technology Innovation Exchangeable Corporate Bond issued by China Three Gorges Corporation. The proceeds were used for the construction of the Wudongde and Baihetan Hydropower Station, which have significant carbon emission reduction and environmental protection effects.

#### Wudongde Hydropower Station

Expected to save approximately 12.14 million tons of standard coal and reduce carbon dioxide emissions by about 31.16 million tons, sulfur dioxide emissions by about 332,000 tons, and nitrogen oxide emissions by about 93,500 tons annually on average.

#### Baihetan Hydropower Station

Expected to save approximately 19.2949 million tons of standard coal and reduce carbon dioxide emissions by about 49.53 million tons, sulfur dioxide emissions by about 560,200 tons, and nitrogen oxide emissions by about 148,600 tons annually on average.

## Social welfare

### Investing in Huahui Health to support innovative drug research

Huahui Health Ltd. (referred to as Huahui Health) is an innovative drug research and development company. Its product pipeline HH-003, targeting hepatitis B, has the potential to achieve functional cure for hepatitis B. In June 2023, CSC’s subsidiary, China Securities Investment, invested in Huahui Health to support the research and development of relevant products and business development, contributing to the long-term goal of healthy lifestyle and common prosperity for all Chinese people.

### Launching rural revitalization themed financial products to guide funds into agriculture and rural areas

In 2023, CSC included rural revitalization-themed assets as an important underlying asset when designing and developing financial derivative products, guiding funds into the agricultural and rural sectors to support rural revitalization. In April 2023, we designed a revenue swap product linked to the “ChinaBond-ABC Rural Revitalization Bond Index” for clients, guiding them to invest in “Sannong” special financial bonds, policy financial bonds and corporate credit bonds with proceeds used for rural revitalization purposes.



### Asset Management Department practicing ESG factor integration strategy

The Company’s Asset Management Department continuously establishes and improves its ESG investable universe, using ESG-related industry screening standards for initial screening and including eligible investees in the ESG investable pool. It then conducts a second round of screening based on corporate governance and social responsibility performance of specific companies, with investment targets meeting relevant requirements included in the ESG investable universe. As of the end of 2023, the ESG investable universe for bond investment covered 1,416 issuers with outstanding bonds size of RMB 16.8 trillion.

In 2023, the Asset Management Department invested RMB 3,445 million in ESG-themed stocks and RMB 94,649 million in bonds. It also issued 3 ESG strategy “fixed income+” products with an issue scale of RMB 442 million, and set up 6 products with a combined size of approximately RMB 707 million as of the end of 2023.



### China Securities Investment practicing the active shareholder approach

The subsidiary China Securities Investment actively conducted post-investment management of its equity investments by participating in voting decisions at shareholder (general) meetings and board meetings (if directors are appointed) of the portfolio companies. It also actively applies ESG voting policies regarding the actual circumstances of the portfolio companies.

As of the end of 2023, China Securities Investment has appointed directors to ESG-oriented companies, such as Mingtian Hydrogen Energy Technology Co., Ltd. and Humeng Technology International Co., Ltd., which is a green intelligent data center service provider, and actively participated in board discussions, striving to exert ESG influence throughout the process.

## Carbon Finance

In 2023, CSC adopted an integrated development strategy. As a firm believer in sustainability principles, we actively drew on international experience in carbon markets and remained deeply involved in the development of both domestic and international carbon markets, serving China's carbon peaking and carbon neutrality goals.

In February 2023, the Company received the *No-Objection Letter for CSC's Proprietary Participation in Carbon Emissions Trading* from the CSRC, allowing us to engage in such trading in approved domestic markets on a proprietary basis. The Company was quick to lay foundations for domestic carbon emission allowance transaction and conducted our inaugural carbon allowance transaction and carbon allowance forward transaction in June and August of the same year, respectively. In addition, we also actively participated in the development of the national carbon market ecosystem through initiatives such as the National Carbon Market Simulation Transaction Competition.



### Facilitating the development of the carbon allowance forward market in Shanghai

In August 2023, at the carbon allowance forward market in Shanghai, the Company engaged in buy and sell transactions with counterparty for Shanghai carbon allowance forward contracts with different near and far-month maturities. These transactions were closed out in October of 2023, completing the entire process of carbon allowance forward transactions in Shanghai and providing two-way liquidity to the carbon allowance forward market in Shanghai. The successful execution of these transactions was a powerful demonstration of the Company's active participation in the development of the carbon finance market and its continuous efforts to introduce innovative solutions and inject new vitality into the domestic carbon finance market.

In August and September 2023, the Company participated in the inaugural National Carbon Market Simulation Transaction Competition hosted by the Shanghai Environment and Energy Exchange, where it was awarded the Active Contributor Award.





# 01

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

Sound corporate governance is a prerequisite and foundation for a company's long-term, stable development. The Company has established a sound and perfect corporate governance system, and is committed to balanced deployment, integrated operations, and refined management. We continuously fortify the foundation of development jointly with suppliers by upholding business ethics.

### ○ 2023 Performance highlights



### ○ 2023 Performance highlights

- As of the end of 2023, our Board comprised of 13 directors, including 5 independent non-executive directors, accounting for over 1/3 of the Board. There were two female non-executive directors.
- Awarded the 2023 Board of Directors Best Practice Case of Listed Company in 2023 by the China Association for Public Companies.



# Strengthening Corporate Governance

## ○ Improving Governance Capabilities

CSC adheres to all the applicable laws, regulations, and regulatory requirements of the places where we get listed. We have implemented a set of corporate governance systems and regulations, including the *Articles of Association*. We have also established a corporate governance framework comprising Shareholders' Meeting, the Board of Directors, the Supervisory Committee and the Executive Committee. Together, we form the foundation for a complete corporate governance system, with clearly defined roles and responsibilities and standard operating procedures among the highest authority, the decision-making body, the supervisory body, and the senior management. This ensures smooth deliberation, decision making, execution, and oversight.

In 2023, by following the requirements of our corporate governance system, we convened and held general meetings, board meetings, and supervisory committee meetings in a legal and compliant manner, where the resolutions made were legal and effective. In addition, we revised *the Rules of Procedure for General Meetings*, providing further clarity on the management requirements for the Board diversity policy, the review of share plans, and other areas.



## ○ An Overview of CSC's "Three Meetings" in 2023

### Shareholders' Meeting

- The Shareholders' Meeting is the Company' highest authority, and we convene and hold the general meetings in strict accordance with relevant regulations such as the *Articles of Association* and the *Rules of Procedure for General Meetings*. We ensure that all the shareholders, especially small and medium-sized shareholders, are treated equally and can fully exercise their legal rights.
- **In 2023, the Company held 5 general meetings and deliberated or reviewed 15 resolutions and reports.**

### Board of Directors

- The Company's Board of Directors is responsible for the Shareholders' Meeting. We have also established a Development Strategy Committee, a Risk Management Committee, an Audit Committee, and a Remuneration and Nomination Committee under the Board, each with its own rules of procedure. Each committee performs its duties to the best of its abilities and works together to promote the efficient, scientific, and compliant operations of the Company.
- **Effectiveness:** The Company's directors are elected and replaced by Shareholders' Meeting. Each director serves a term of three years and can be re-elected for consecutive terms upon the expiry of their term. When evaluating candidates for independent directors, the Company strictly reviews their employment status in other institutions to ensure that the nominated independent directors do not serve in more than three (including the Company) listed companies. **In 2023, the Company held 11 board meetings, deliberating or hearing 62 proposals and reports in total, and held 22 meetings of specialized committees.**
- **Professionalism:** The Company's directors all possess the managerial experience and operational capabilities necessary to fulfill their duties. They meet the securities regulators' requirements for years of experience in securities, funds, finance, law, accounting, IT, risk management, and other related fields. They have diverse professional backgrounds and work experiences that complement each other, conducting to scientific decision-making by the Board.
- **Independence:** The Company has clearly specified the qualifications and obligations of independent directors in the Articles of Association and ensures that they can independently and impartially safeguard the legitimate rights and interests of the Company and its shareholders. When the Company considers related party transactions, related directors and shareholders abstain from voting, while independent directors express independent opinions. **In 2023, the related-party transactions conducted by the Company were fair and reasonable, and there were no instances found to have damaged the interests of the Company or its shareholders.**
- **Diversity:** The Company formulates a *Board diversity policy* and ensures that the nomination of Board candidates takes diversity into account, including but not limited to gender, age, educational background, and professional experience. All appointments are made based on merit, with objective conditions taken into account to ensure diversity. **As of the end of 2023, the Board of Directors comprised 13 directors, including 5 independent non-executive directors, accounting for more than one-third of the total. Additionally, there were 2 female non-executive directors.**

### Supervisory Committee

- The Supervisory Committee is the permanent supervisory body of the Company. It is accountable to the Shareholders' Meeting and effectively supervises the legality and compliance of the Company's finances, as well as the performance of the Board and the management. The Company continues to improve the employee supervisor mechanism to ensure methodical participation of employee representatives in the Company's governance.
- **As of the end of 2023, the Supervisory Committee comprised six supervisors, including two employee supervisors and two female supervisors.**
- **In 2023, the Company held 6 supervisory committee meetings, deliberating or hearing 25 proposals and reports in total.**

In 2023, the Company's senior management fully implemented the Board's resolutions and requirements, continuously enhancing the synergies among various businesses and strengthening the business layout. They made improvement and enhancement recommendations for issues that materially affected the Company's development to help keep the Company growing steadily.

Additionally, we have incorporated a deferral and clawback mechanism into the executive compensation management system, with no less than 40% of the annual performance-based salary deferred for a deferral period of no less than 3 years and a one-time payment upon expiration, as well as a clawback provision. This mechanism more tightly links salary and compensation to the Company's operating performance. If an executive resigns, is involved in compliance or risk events, or violates professional ethics or regulations during the deferral period, the Company reserves the right to revoke their incentive bonuses to ensure that the compensation incentive matches the performance subject to risk-based adjustment.

For more detailed information on corporate governance-related matters, please refer to the "Corporate Governance" section of the *CSC 2023 Annual Report*.

## Strengthening Information Disclosure

The Company has formulated and continues to improve its information disclosure management system centered on the *Information Disclosure Management Measures* in accordance with applicable rules, regulations, and guidelines, as well as the *Articles of Association*. The system regulates all the matters related to information disclosure, ensuring that information is disclosed in a timely and impartial manner and guaranteeing the truthfulness, accuracy, and completeness of the disclosed information.

In 2023, the Company strictly fulfilled its information disclosure obligations throughout the year, releasing the annual report, semi-annual reports, quarterly reports and over 200 interim announcements to both A-share and H-share markets. No false records, misleading statements, or significant omissions were found in the disclosed information, ensuring that investors could obtain the information in an equal, timely, and effective manner.

## Investor Relations Management

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

CSC adheres to relevant requirements of the Securities Law and the SSE, actively fulfilling its responsibilities as a listed company. The Company has established an investor relations service management framework centered on the *Investor Relations Management Measures* and assembled an investor relations service team led by the Board secretary. In addition, we have established an investor contact phone number and dedicated email, as well as an investor relations section on the Company's website ([www.csc108.com](http://www.csc108.com)), to ensure real, effective, and timely communication of company information with investors.

In 2023, the Company facilitated our communication and information exchange with investors by continuing to improve communication channels. We continuously worked to enhance investors' knowledge of and trust in the Company, attach importance to reasonable investment returns to shareholders and investors, implement stable profit distribution policies, and fully protect their legitimate rights and interests, especially those of small and medium-sized investors.

### CSC's Investor Relations Management Work in 2023

- The Company regularly updated investors on key business developments and addressed market concerns by holding shareholder meetings, performance briefings, and other related activities.
- The Company engaged and communicated with investors regarding their concerns through various channels, including institutional investor visits and analyst research, investor contact phone number and email, and the "SSE Info" platform, providing easier and more efficient avenues for them to know the Company better.
- In 2022, the Company distributed a dividend of RMB 2.70 per 10 shares (including tax) for the 2022 fiscal year, totaling RMB 2,094 million (including tax).

# Upholding Business Ethics

## Business Integrity

In compliance with the requirements of relevant laws and regulations such as the *Provisions on the Business Integrity of Securities and Futures Operating Institutions and Their Staff* and the *Implementation Rules for the Business Integrity of Securities Operating Institutions and Their Staff*, the Company has formulated a set of internal policies, including the *Business Integrity Management Measures* and the *Anti-Fraud Management Regulations*, further institutionalizing business integrity and streamlining the division of responsibilities.

In 2023, against the backdrop of increasingly stringent integrity supervision, the Company actively internalized external regulations, continuously strengthened the integrity management system, revised the *Business Integrity Management Measures*, *Anti-Corruption and Anti-Fraud Management Statement*, and *Supplier Anti-Corruption Management Statement*, newly formulated the *Rules for the Management of Integrity of the Investment Banking Management Committee*. These revisions established high standards of integrity governance, required suppliers to sign commitments containing integrity self-discipline, and strictly implemented anti-corruption measures within the supply chain based on the foundation of upholding its own integrity responsibilities, ensuring that all business activities and cooperative relationships adhere to strict commercial ethics standards.

### CSC Business Integrity Organizational Structure



- The Board of Directors sets the objectives of business integrity management and is responsible for the effectiveness of such management;
- The Supervisory Committee oversees the performance of the Board and senior management in fulfilling their duties of business integrity management.



- Senior Management implements the objectives of business integrity management and is responsible for ensuring operational integrity.



- The Discipline Inspection Committee leads business integrity management efforts, responsible for the overall organization and coordination;
- Leaders at all levels are the primary responsible persons for implementing business integrity management duties and bearing corresponding management responsibilities within their respective scopes of duties.

In 2023, the Company embedded the concept of integrity practices into its core values, deeply promoted integrity management, and continued to strengthen integrity management mechanisms and enhance integrity audits and inspections. We conducted Company-wide education on integrity and discipline and fostered a business integrity culture through Company-wide training programs. In 2023, the Company recorded zero major cases of corruption or bribery related to operation and management.

CSC's Key Business Integrity Management Initiatives in 2023

**Strengthening business integrity management mechanisms**

- Pushed departments and subsidiaries to continuously identify business integrity-related risks and improve internal control mechanisms for integrity risks to realize effective risk identification and management and required them to report any detected violations and the relevant corrective measures taken;
- Optimized the management of employees' external part-time jobs and investment behaviors, and prevent employees' interest transfer behaviors.

**Enhance integrity audits and inspections**

- Integrated integrity audits into various types of audit projects, setting up special checkpoints for integrity audits, and initially building an active monitoring system;
- In accordance with external regulatory requirements, checked business integrity work through branch audits and investment manager exit reviews, etc., with an audit frequency of no less than once every three years;
- Audit the soundness and effectiveness of systems for employee conduct, conflicts of interest, and related party transactions, and the full implementation of the anti-corruption system, and perform management responsibilities for the issues reflected in the audit focus.

**Conducting education on integrity and discipline**

- Arranged for employees to watch cautionary films about typical cases of misconduct and legal violations and held cautionary education conferences to ensure the staff's cautionary education;
- Provided all-hands (including brokers) business integrity training;
- Cumulatively published 107 educational articles via the WeChat for Business platform "Discipline Inspection Garden" and issued integrity reminders to all employees during important holidays.

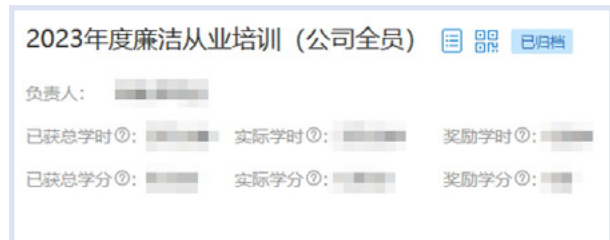
**Conducting business integrity training**

In December 2023, the Company organized a "Cruise Class" training for branch managers, which included integrity practice courses. The training introduced the Company's integrity practice management overview, integrity practice party disciplinary regulations, and internal rules to branch managers, with a total of 110 participants recorded.



"Cruise Class" integrity training

In 2023, the Discipline Inspection Committee Office led the online training on business integrity for 2023, covering all employees of the Company (including brokers and dispatched labor), with a total duration of 205 minutes. The training aimed to push all employees to strictly comply with relevant rules and regulations on business integrity in order to prevent misconduct and violations with a total of 13,151 participants recorded.



All-hands business integrity training

The Company has established a sound management system for the reporting of irregularities, standardized the reporting of petition and reporting in multiple dimensions such as party discipline, employees' practice behavior, and customer complaints, and set up a variety of channels such as telephone numbers and mailboxes for reporting or complaining, so as to provide reasonable and effective ways for internal and external stakeholders to participate in the Company's compliant operation. In 2023, the Company formulated the Petition and Reporting Work Measures of Discipline Inspection Committee (*for Trial Implementation*), which clarified that the Discipline Inspection Committee Office is responsible for the centralized management of complaints and reports received by the Company's Discipline Inspection Committee, and it shall cooperate and coordinate with other relevant departments such as the Executive Office and the Human Resources Department. The measures also standardized receipt and acceptance process of petition and reporting, handling requirements, and confidentiality requirements, etc.

### CSC's Violation Reporting Channels

	Office OA system	"Discipline Inspection Committee Suggestion Box" window on the system homepage
	Email	jwbgs@csc.com.cn
	Reporting hotline	010-56050045; 010-56050046
	Mailing address for reporting:	Discipline Inspection Committee Office of CSC, 84th Floor, CITIC Tower, No. 10 Guanghai Road, Chaoyang District, Beijing

Regarding whistleblower protection, the Company adheres to the principle of confidentiality. During the handling of reports, the identities of those involved in the reporting process are strictly limited to the necessary personnel, and the names (unit names), workplaces, addresses, and other relevant information of whistleblowers, as well as the content of the reports, are kept strictly confidential. Furthermore, the Company stipulates that no department, institution, or individual shall retaliate against whistleblowers under any pretext, and those who violate this principle shall be subject to severe punishment in accordance with relevant disciplinary regulations.

## Preventing Financial Crimes

CSC profoundly recognizes that anti-money laundering is a crucial cornerstone of financial order and social stability. The Company strictly adheres to the *Anti-Money Laundering Law of the People's Republic of China* and other applicable laws, regulations, and regulatory requirements. The Company has established an anti-money laundering system centered on the *Internal Control Measures for Anti-Money Laundering and Counter-Terrorism Financing*, actively promoting the effective integration of anti-money laundering efforts with its business operations.

At the senior management level, CSC has established an Anti-Money Laundering Committee authorized by the Board of Directors to make specific decisions and implement anti-money laundering measures. In 2023, the committee held two plenary meetings and four topic-specific meetings. The Company's Legal and Compliance Department, along with various anti-money laundering departments and branches, has appointed dedicated anti-money laundering personnel to ensure comprehensive implementation and execution of anti-money laundering measures.

In 2023, the Company effectively fulfilled its core anti-money laundering obligations, including customer due diligence, customer identity information and transaction record retention, and suspicious transaction reporting. By refining responsibility mechanisms, strengthening monitoring mechanisms, and actively promoting education and training, the Company comprehensively enhanced the efficiency and quality of its anti-money laundering efforts.





## ○ CSC's Anti-Money Laundering Efficiency and Quality Improvement Initiatives in 2023

### Refining responsibility mechanism

- Established a headquarters quality control mechanism, innovated anti-money laundering inspection methods, and provided work guidance for key risk areas identified through self-assessments;
- Clarified the responsibilities and work standards of each anti-money laundering responsible department and formulated the *Work Guidelines on Anti-Money Laundering and Counter-Terrorism Financing for Branches*.

### Strengthening monitoring mechanism

- Adopted a combined approach of regular special audits and routine anti-money laundering audits in accordance with the *Anti-Money Laundering Audit Work Guidelines*, utilizing big data and off-site techniques to construct anti-money laundering audit suspicion models and statistical models;
- Continuously updated the anti-money laundering monitoring system, adjusting suspicious transaction monitoring indicators, customer money laundering risk level classification indicators, and business money laundering risk assessment indicators to promptly adapt to the Company's latest risk situations;
- Further expanded the coverage of customer-centric, full-lifecycle money laundering risk management to comprehensively prevent potential money laundering activities.

### Optimizing education and training mechanism

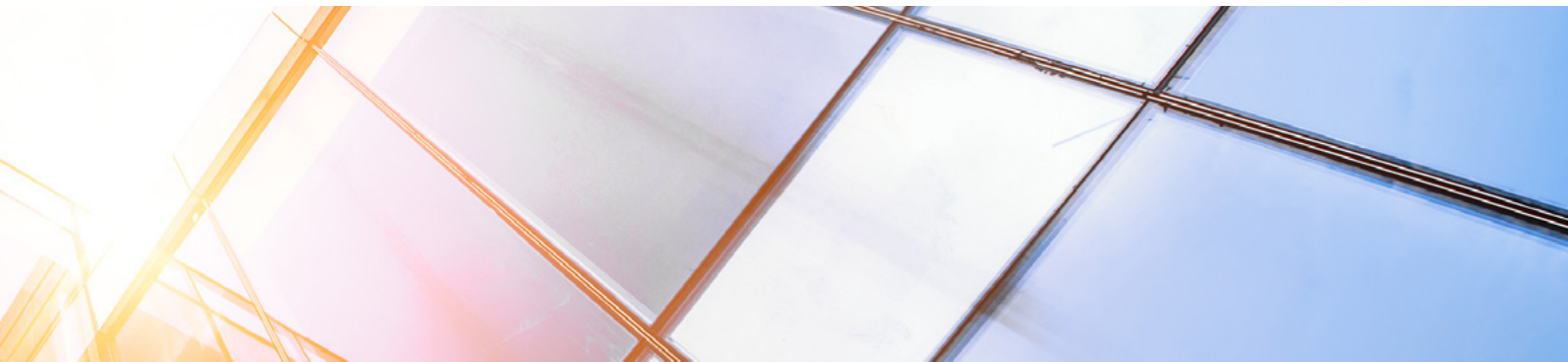
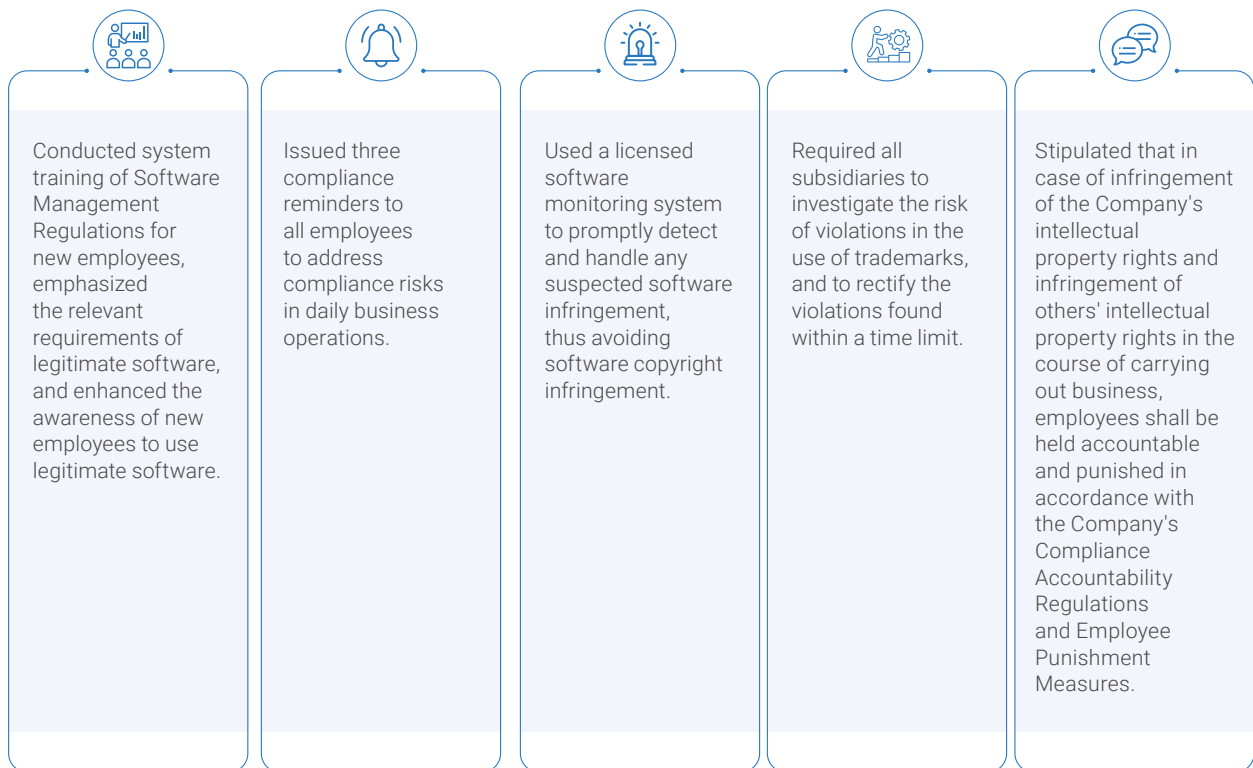
- Formulated the *Money Laundering Risk Management Culture Building Program* to clarify the guiding ideology, basic principles, work objectives, organizational guarantees, and work tasks of money laundering risk management culture development;
- Strengthened professional training and conducted risk warning education to enhance employees' ability to identify and respond to suspicious activities. In 2023, the Company conducted over 1,800 business training sessions on anti-money laundering, with over 50,000 participants recorded;
- Organized the selection of outstanding anti-money laundering employees to boost staff enthusiasm for anti-money laundering efforts;
- Organized anti-money laundering essay competitions and concentrated publicity campaigns, collecting 68 professional research articles and conducting 151 publicity events, producing 15 micro-videos and 12 comic works.

## Intellectual Property Protection

In accordance with relevant rules and regulations such as the *Patent Law* and the *Copyright Law of the People's Republic of China*, CSC has drawn up a set of policies, including the *CSC Intellectual Property Management Measures* and has established a comprehensive intellectual property management system covering intellectual property review and application, utilization and maintenance, safeguarding and supervision. This system ensures that the Company's innovative achievements are fully protected by law while preventing infringement. In 2023, the Company obtained additionally 25 authorized patents, 84 software copyrights, and 7 trademark rights. Currently, the Company holds a total of 30 authorized patents, 158 software copyrights, and 77 trademark rights.

In 2023, the Company recorded no case of infringing upon others' intellectual property rights.

### CSC's Measures to Prevent Intellectual Property Infringement in 2023



# Strengthening Procurement Management

## Supplier Management Mechanism

The Company's suppliers include legal entities, other organizations, and individuals who provide goods, projects, and services to the Company. Fully in accordance with relevant laws and regulations such as the *Law of the People's Republic of China on Tenders and Bids* and the *Interim Provisions on the Centralized Procurement Management of State-owned Financial Enterprises*, the Company revised the *Headquarters Supplier Management Measures* in 2023, further optimizing the supplier qualification process, strengthening performance control, refining regulations for handling misconduct, improving supplier lifecycle management system, and standardizing work at various stages such as supplier qualification, classification, selection, annual evaluation, exit and etc. Additionally, the Company attached great importance to integrity construction for suppliers. For further details, refer to the "Upholding Business Ethics" section.

### CSC's Management Measures for Environmental and Social Risks of Suppliers in 2023



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



Through publicly available credit data sources such as the National Enterprise Credit Information Publicity System and Credit China, we actively identify supplier risks and focus on monitoring suppliers with abnormal business operations and records of illegal or dishonest behavior to prevent and mitigate the compliance risks of suppliers; For single-source procurement projects with large amounts, we make pre-procurement announcements on the Company's official website to widely accept social supervision.



We require all admitted suppliers are required to sign the Qualified Supplier Pledge and promise to strictly abide by relevant laws, regulations, rules, normative documents, industry norms, and self-disciplinary rules and regulations, and require all suppliers to develop internal policies for clean business practices and compliance verification procedures.



We carry out annual and daily assessment of suppliers, interview the suppliers assessed with problems, prohibit the suppliers with unethical behavior, urge suppliers to continuously improve performance quality and service awareness, and implement closed-loop life cycle management of suppliers.

## Green Procurement

In procurement activities, the Company balances economic and environmental benefits. Under equal conditions of performance, technology, and service, the Company prioritizes the procurement and utilization of energy-saving, water-saving, and resource-saving raw materials, products, and services that are conducive to environmental protection.

### CSC's Green Environmental Requirements for Suppliers



The Company requires all the suppliers to sign the *Qualified Supplier Pledge*. They thus pledge to comply with relevant environmental protection laws and regulations, such as the *Global Pact for the Environment* and the *Environmental Protection Law of the People's Republic of China*, and carry out production activities on the premise of zero or minimized environmental damage.



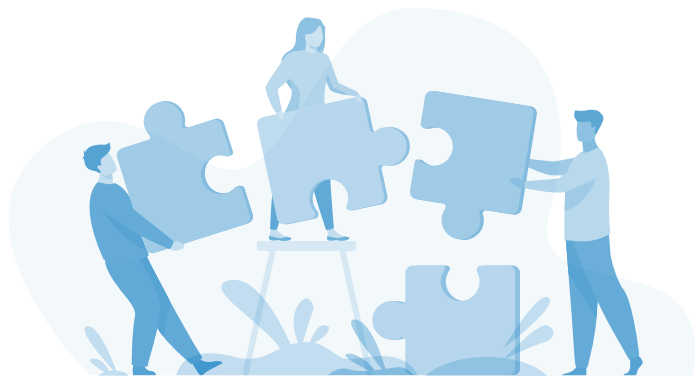
The Company also requires suppliers to adopt responsible practices and environmentally friendly technologies to reduce air, water, sound, and light pollution, etc. caused by their production and operating activities. As to pollution that has already happened, they are required to proactively curb its spread, disclose relevant information to the public in a timely manner, and receive public oversight.

When auditing furniture procurement, the Company gives priority to suppliers who have obtained environmental management system certification and environmental label product certification, sets corresponding score weights, and puts forward green environmental protection requirements for suppliers in order to select suppliers with qualified product quality and environmental advantages such as low toxicity or harm and resource conservation. In 2023, when renovating new office areas, the Company fully considered environmental protection, resource conservation, safety and health, circular low-carbon practices, and recycling promotion. It strictly selected eco-friendly renovation materials and construction techniques to avoid pollution generation from the source and adopted advanced, energy-efficient low-temperature air supply systems.

## Procurement Training and Supplier Exchange Visits

In 2023, the Company organized multiple specialized training sessions for procurement personnel at headquarters and subsidiaries, continuously strengthening stakeholders' value recognition of procurement work and steadily enhancing the compliance awareness and professional capabilities of key procurement staff.

The Company also continuously enhanced mutual trust and communication with core suppliers, organizing on-site exchange visits with core suppliers involved in key projects to understand market supply and demand situations, and verify suppliers' service capabilities, empowering procurement operations.





# 02

## Valuing Talent and Creating a Diverse and Inclusive Workplace

CSC upholds a people-centric approach and establishes a perfect talent management system. The Company is committed to protecting employee rights and interests, fostering talent development, and creating a dynamic workplace to build a financial cadre needed by a financial power.

### ○ Response to the issues

Human capital development

### ○ 2023 Performance highlights

- 13,901 employees in total, including 8,093 male employees and 5,808 female employees, 639 ethnic minority employees, and 85 employees with disabilities.
- Invested RMB 19.86 million in employee training, achieving an 94.05% coverage rate and an average training time of 48.69 hours per employee.
- Organized 2 employee representatives' congress meetings and 4 company trade union committee meetings.



# Safeguarding Employee Rights

## ○ Recruitment and Employment

CSC continues to bring in top talent. In compliance with the *Recruitment Management Measures*, the Company strictly prohibits the use of child labor and forced labor and the practice of having employees pay deposits or hand in their ID cards at the time of employment. The Company consistently strengthens the management of working hours and has zero tolerance for non-compliant labor practices. In 2023, we recorded zero cases of child labor and forced labor.

Adhering to the "People-oriented, Talent Acquisition from All Corners" philosophy, the Company formulated the *Implementation Rules for Recruitment Management*. Based on an analysis of market conditions, business development, and job requirements, we formulated a recruitment plan and made timely semi-annual adjustments to the plan. Additionally, the Company's headquarters collaborated with its branches and subsidiaries, leveraging group synergies to execute integrated recruitment plans in an orderly manner. We also regularly tracked the progress of recruitment to improve talent acquisition and screening efficiency, and developing and maintaining a centralized talent pool.

### ○ CSC's Recruitment Measures in 2023

#### Campus recruitment

- Primary recruitment channels include professional recruitment websites, partnerships with official university career centers, and open recruitment on the Company's official website "Join Our Talents" and "CSC Recruitment" WeChat official account;
- Participate in employment promotion activities hosted by universities, such as the "Financial Coach Program" at Tsinghua University, "Jinglüe Program" at Zhejiang University, "Hongyan Program" at Xiamen University, and the Career Mentor Program at Antai College of Economics and Management, Shanghai Jiao Tong University;
- Participate in the "Sailing Plan" jointly organized by the Securities Association and other institutions, participation in internship and employment projects like the Beijing Municipal Education Commission's Workplace Experience Base, and the Mainland Internship Program for Hong Kong University Students.

#### Social recruitment

- Primary recruitment channels include professional recruitment websites, headhunting, industry referrals, and open recruitment on the Company's official website "Join Our Talents" and "CSC Recruitment" WeChat official account;
- Continuous tracking and evaluation of headhunting service quality, and establishment of a new recruitment system platform to consistently standardize headhunting supplier services and operational requirements.

In 2023, the Company recruited a total of **1,408** employees, including **531** female employees and **877** male employees.



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

The "Building the World, Investing in the Future" internship program is a long-standing initiative that we have developed for college graduates, offering them a wealth of job opportunities in major cities such as Beijing, Shanghai, Guangzhou, and Shenzhen, including positions at both the headquarters and branch offices. Since the inception of the program for the year, over 3,000 students have secured internships, enabling them to enhance their employment skills and professional aptitude as they prepare to embark on their careers.

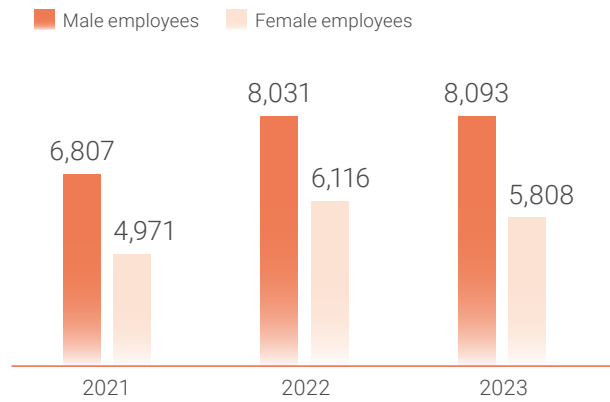
The Company continued to implement the internship program in 2022, recruiting a total of 618 students.

## Workplace Equality and Diversity

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

During recruitment, the Company strictly follows the prescribed processes and regulations and upholds the principles of mutual respect, fairness and justice, treating all candidates equally and prohibiting any form of discrimination based on factors such as gender, age, ethnicity, family background and religion. We are attentive to the employment status of special groups, such as ethnic minority college students, retired military personnel, and people with disabilities, and actively implement talent introduction practices to build a diverse workforce. In 2023, the Company offered employment opportunities to 31 ethnic minority college graduates and provided jobs for 85 employees with disabilities.

CSC's Gender Distribution of Employees over the Past Three Years



In fostering a diverse and inclusive workplace culture, the Company respects the lifestyles of all employees and endeavors to provide convenient conditions that accommodate their living habits. We also offer special care for female employees, such as gynecological examinations and nursing rooms. Moreover, the Company adopts a zero-tolerance policy towards workplace discrimination and harassment, conducting anti-discrimination and anti-harassment training for employees, and supporting career development training for female employees to promote a harmonious and diverse workplace culture. In 2023, the Company recorded no incident of employee discrimination or harassment.



The "Learning from Heroines, Embodying the Spirit of Modern Women" 2023 female manager training program

## ○ Democratic Employee Communication

CSC embraces democratic management and establishes a democratic participation system centered on employee representatives' congress and trade unions, which fully leverages the role of employee supervisors and serves as a vital platform for communication between employees and the Company. Meanwhile, the Company recognizes and safeguards the employees' rights to express their opinions and oversee the Company's operations.

We value employee feedback and have sound mechanisms in place to encourage open communication, such as daily feedback and online communication channels, the "Suggestions" column established on the trade union's "Employees' Home" platform and progressive perfection of the mechanism of employee satisfaction and rationalized suggestion activities. In 2023, we conducted two employee surveys to gather feedback and suggestions on various aspects of the Company's operations and culture and to formulate measures for addressing the problems identified on a timely basis. The goal was to further improve the Company's management practices, enhance employee satisfaction, achieve both happiness and personal value of employees, and drive efficient and sustainable corporate development.

### 2023 Performance:

- we held 2 employee representatives' congress meetings and 4 company trade union committee meetings, with major matters and resolutions such as the congress and merit appraisals publicly announced to all employees as required.
- we conducted two employee opinion surveys and collected more than 8,000 employee opinions and suggestions.

## Fostering Talent Development

### ○ Optimizing Training System

CSC has formulated the *Employee Training Management Measures* and continuously optimizes the talent development system that fosters management skills at different levels and supports versatile professional development with a "Career Development and Training Ladder" as the longitude and different job requirements and skills as the latitude based on the development trend of the securities industry and the strategic layout of the Company's operation. We are committed to constantly improving our talent cultivation mechanisms.

In 2023, building upon the existing "Job Level + Position" learning map, the Company strengthened targeted talent development initiatives. We systematically streamlined and established such six major talent cultivation programs as "Lighthouse", "Sailing", "Aurora", "Flamebearer", "Constellation", and "Peak Climbing" Program. These programs provided specialized training for talent pools at various stages, empowering employees at different levels and fostering a high-quality, professional team of loyal, clean, and responsible cadres and talents.



## ○ CSC's Talent Cultivation Programs in 2023

Training program	Target group	Training activities
"Lighthouse"	Middle and senior managers	We organized approximately 100 hours of targeted courses in five major modules: "Theoretical Cultivation", "Strategic Thinking", "Business Acumen", "Leadership Skills", and "Business Collaboration" through a combination of offline book clubs and online specialized learning plans.
"Sailing"	Head of branches	We implemented four phased training classes: "Takeoff Class", "Continuation Class", "Cruise Class", and "Navigation Class". The program is specifically designed to empower managers who are at different stages of development, with varying levels of experience, and managing branches of different sizes to achieve the goal of "providing a platform, promoting communication, and enhancing abilities".
"Aurora"	Senior management talents at headquarters	Based on the competency map for the headquarters senior management, we designed and implemented talent cultivation programs for various business lines, focusing on solving practical issues and catering to the specific needs of each line.
"Fire"	Excellent young leaders at branches	We carried out "Flame Class" and "Torch Class" programs for excellent young leaders at our branches and branch offices, incorporating diverse training measures such as "learning, practicing, mentoring, testing, and evaluating" throughout these programs.
"Constellation"	Management trainee	According to the positioning "Professional Training, Comprehensive Development, Overseas Experience, and Grassroots Cultivation", we arranged various job rotations during a six-year period. We employed methods such as "Job Rotations, Specialized Training, Mentor Guidance, and Research Projects" to provide all-around development.
"Peak Climbing"	Professional talents	We conducted specialized training programs for key professional talent areas, including investment research, major client managers, investment banking project personnel, digital talents, and international talents.

### 2023 Performance:

- we launched 22 company-level talent development programs, and hosted over 50 onsite training sessions of various sorts, with 1,193 hours and 3,357 internal participants recorded in total; all departments and branches organized more than 1,400 professional training sessions.
- we enrolled employees in over 170 external training programs offered by industry associations, exchanges, and other organizations, with 850 participants recorded in total.
- we introduced 998 new courses on the E-Learning platform throughout 2023, recording 13,993 online participations across the Company. The platform had an average of 12,356 monthly logins, 9,701 monthly learners, and a monthly total of 5.5 hours of online learning time. On average, each employee completed 15 online courses in 2023.



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

From January to July 2023, CSC launched a training series titled "Overseas Business Communication and Cross-Cultural Exchange". The training was attended by over 140 employees from our integrated departments and subsidiaries, as well as employees with a need to improve their business English skills.

Topic	Date	Number of participants
Email writing	January 11, 2023	103
Various Business Documents and Report Writing (Part 1 & 2)	February 15, 2023 March 10, 2023	152
Cross-Cultural Negotiation (Part 1 & 2)	April 11, 2023 May 16, 2023	140
International Team Collaboration (Part 1 & 2)	June 16, 2023 July 7, 2023	142



### The "Sailing Cup" Employee Skills Competition

In 2023, CSC held the 13th "Sailing Cup" Employee Skills Competition to comprehensively assess and hone employees' professional competencies and teamwork abilities. This competition aimed to motivate all employees to actively embrace the corporate spirit, strive for skill excellence, and embody the core value of "Performance Determines Position".



The 13th "Sailing Cup" Employee Skills Competition

Furthermore, the Company supported employees in obtaining relevant professional qualifications and certifications by providing diverse supports such as subsequent training for securities practitioners, sponsor representatives, fund practitioners, accounting personnel, and information technology professionals. This support covered all formally employed staff members, helping employees enhance their professional capabilities and strengthen their career competitiveness.

- In 2023, over 11,200 employees from the headquarters and branches participated in subsequent training for securities practitioners, 588 participated in subsequent training for sponsor representatives, over 6,800 participated in subsequent training for fund practitioners, 55 participated in continuing education for accountants, 113 participated in training for information technology qualifications, 75 participated in the Hong Kong securities licensing examination, and 2 participated in the procurement manager certification training, with a total investment of RMB 2.1216 million.

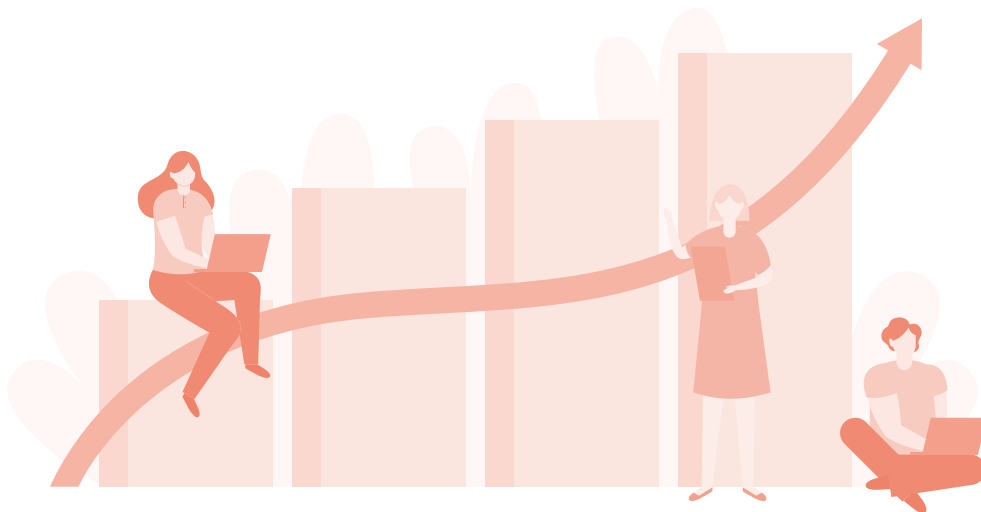
## ○ Performance Evaluation and Promotion

Guided by the core value that “achievements lead to status”, we have established our *Performance Management Measures*. We have created a top-down performance-based salary system. We also have established an equitable and scientific salary standard and performance-based salary ratio by carefully considering various factors such as the market standards and our compensation strategy, aiming to provide performance incentives and harmonize our overall strategy, organizational development with the career aspirations of our employees to achieve a win-win.

The compensation structure for entry-level employees at the headquarters and non-sales employees at branches consists of base salary and annual performance bonus. The base salary is determined by the position level and is paid on a monthly basis. The annual performance bonus is approved in total based on the Company’s overall business performance, and then allocated based on the results of individual employees’ performance evaluation after the end of a full fiscal year.

By upholding the principles of openness, fairness, and impartiality, the Company conducts employee performance evaluations with flexible evaluation cycles. An annual performance management cycle is established, and based on factors such as job categories, business models, customer market conditions, corporate management requirements, and regulatory requirements, and periodic performance management cycles are set on a monthly, quarterly, or semi-annual basis. The results of these periodic performance evaluations serve as important references for the annual performance evaluation.

In addition, the Company has established a performance feedback and appeal mechanism based on the principle of “communication first, appeal later”. Employees have the right to communicate on the performance evaluation results. If they still have objections, they can lodge a written appeal against the performance evaluation results within the specified time. The Company handles appeal cases discreetly on a confidential basis to ensure fairness and objectivity in the performance evaluation process.





# Creating a Dynamic Workplace

## ○ Employee Health and Safety

CSC cares deeply about employees' health and safety. We have established a safety management policy that prioritizes safety, prevention, and comprehensive management. We continue to strengthen occupational safety management and improve medical insurance coverage for employees in accordance with relevant laws and regulations such as the *Labor Law* and the *Fire Control Law of the People's Republic of China*, taking proactive steps to support the physical and mental wellness of our employees.

### ○ CSC's Efforts to Safeguard Employee Health and Safety in 2023

#### Strengthening safety management



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

#### Improving medical care



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



"Children's Dreams Blossom"  
Children's Day Series Activities -  
Offline Parent-Child Study Tour



"International Women's Day" Series  
Activities - "Health Management  
- Caring for Shoulders and Neck"  
Activity



Beijing Employee Basketball Game



"International Women's Day" Series  
Activities - Getting to Know Model  
Women Workers Video



## ○ Deepening Care for Employees

CSC provides a caring workplace environment for all employees that fosters a motivated and satisfied workforce. We care for our employees' well-being and organize activities to enrich their spiritual and cultural experiences in the workplace and to convey tender loving care and ignite vitality in the workplace.

### ○ CSC's Employee Care Initiatives in 2023



- We have established a sound system of employee care and welfare that includes a variety of activities, including holiday greetings, employee birthday celebrations, marriage and childbirth congratulations, condolences for serious illnesses and deaths, retirement farewells, assistance for employees in need, support for the education of employees' children, etc. In 2023, the Company provided condolences and assistance for a total of 76 employees in need.



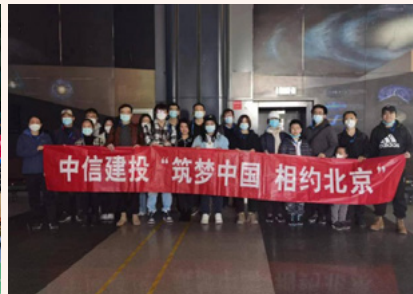
- We organize employee fitness activities, large-scale walking events, basketball games and badminton games to promote work-life balance;
- We launch the "Reading Corner" and "Mental Health" sections on the "Staff Home" platform on the corporate WeChat, providing employees with reading, audiobook, and psychological counseling services;
- We celebrate the International Women's Day, Children's Day, and other important holidays with a series of events, continuing to build stronger coherence and teamwork;
- We hold cooking demonstrations, Mid-Autumn Festival poetry gatherings, "Snap Shot" photography, youth talent short video competitions, and "Building Dreams in China, Rendezvous in Beijing" themed cultural activities to enrich employees' lives;
- We encourage the formation of employee clubs. In 2023, 37 new employee clubs were formed.



- Based on the special needs of female employees, establish nursing rooms to provide comfortable rest areas and private, safe, and hygienic breastfeeding spaces for nursing female employees.
- We produce the video *Getting to Know Model Women Workers*, and organize a series of activities for International Women's Day, such as "Image Management - Professional Makeup" and "Health Management - Caring for Shoulders and Neck";
- We collect and help fulfill the small wishes of female employees in difficult situations.



Beijing Employee Badminton Game



"Building Dreams in China, Rendezvous in Beijing"  
Cultural Activity at the Planetarium



"New Thoughts Leading a New Journey" Large-scale Walking Event

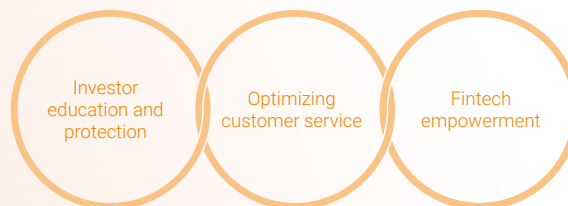


# 03

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

Adopting a customer-centric approach, CSC upholds the service philosophy of “Creating Value for Customers” and meticulously crafts premium services. We implement our responsibilities of investor protection and investor education, uphold quality, pursue excellence, continuously optimize our client service system, and simultaneously strengthen the construction of our digital platforms to promote the integration of technology and finance. We are dedicated to enhancing the quality, efficiency, and overall satisfaction of our client services.

### ○ Response to the issues



### ○ 2023 Performance highlights

- Held 5,310 charitable investor education events, reaching over 42.75 million participants.
- Cumulatively released 4,031 online investor education works through various social media accounts, garnering a total readership of over 230 million.
- Invested RMB 1,460.3887 million in the construction of information systems.
- Our customer service and complaint hotline received 340 thousand customer inquiry calls, with the service satisfaction rate reaching 98%.

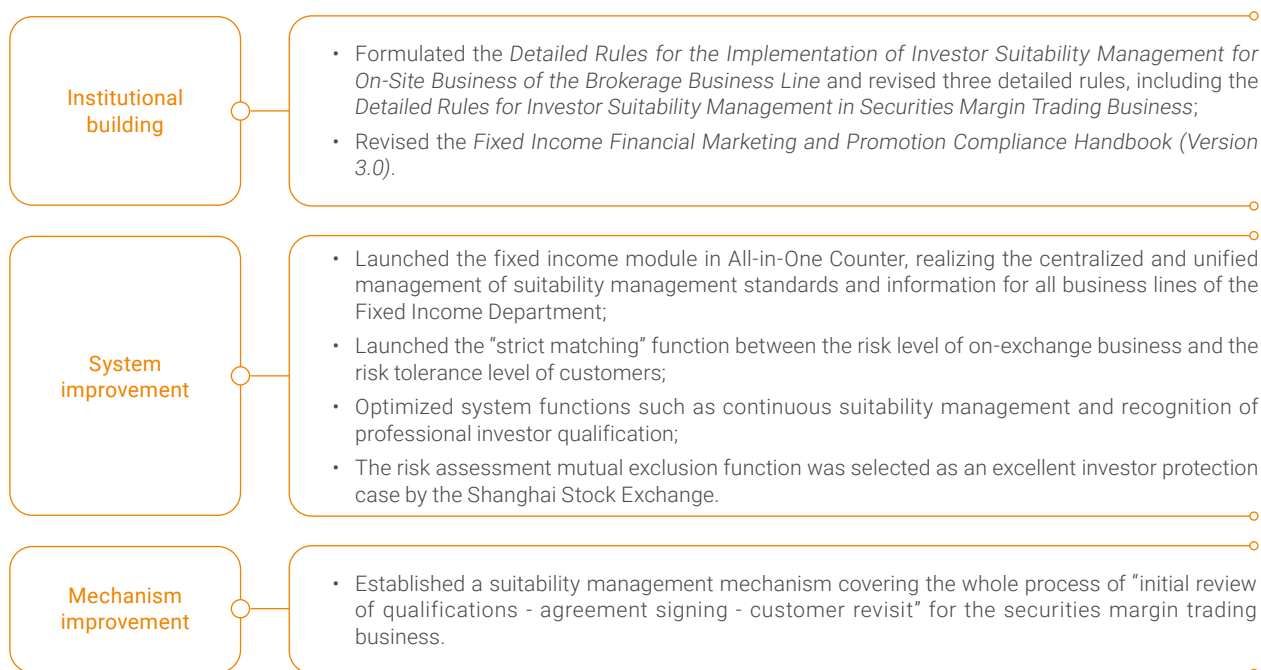
## Protecting and Educating Investors

Protecting investors' rights and interests and educating them is crucial for maintaining market order and corporate reputation. CSC has formulated the *Management Measures for the Protection of Investors* and established the Investor Protection Committee under its Executive Committee. This builds an efficient working mechanism with hierarchical authorization, hierarchical management, and mutual supervision and restraint, laying a solid foundation for safeguarding investors' rights and interests and promoting the healthy development of the capital market.

### Deepening Suitability Management

The Company strictly follows regulatory documents such as the *Measures for the Suitability Management of Securities and Futures Investors* and the *Implementation Guidelines for the Investor Suitability Management of Securities Institution (Trial)*. It has formulated the *Investor Suitability Management Measures* and detailed implementation rules for suitability management and marketing compliance at the Company and specific business levels. This ensures that the Company's marketing activities are legal and compliant, and that investor suitability management is carried out in a standardized and orderly manner.

#### CSC's Suitability Management Work in 2023



### Conducting Investor Education

With investor protection as its core principle, the Company attaches great importance to investor education. Leveraging the physical investor education base "Jingxin Academy", it integrates online and offline resources to create an "Internet+" model for investor education. It comprehensively organizes and carries out investor education campaigns, continuously promoting the incorporation of investor education into the national education system, expanding the influence of investor education, and helping investors establish rational investment awareness.

○ CSC's Investor Education Practices in 2023

<p>Creating an "Internet+" model for investor education</p>	<ul style="list-style-type: none"> <li>• The investor education base continued to offer online "cloud visits" and launched mini-games on the investor education mini-program, breaking geographical barriers. With the physical base as the starting point and digitalization as the means, the Company enhanced the quality and efficiency of investor education services;</li> <li>• Fully utilized new media platforms to promote investor education works, forming an investor education promotion matrix linking the official website, self-media of the investor education base, and authoritative media;</li> <li>• Established an investor education column on the official website, providing a "fun version" of investor education knowledge in addition to the professional version, incorporating education into entertainment and innovating investor education forms.</li> </ul>
<p>Organizing investor education campaigns</p>	<ul style="list-style-type: none"> <li>• Strengthened the penetration of investor education in communities. Cooperating with the Community Social Organizations Union of Datun Street, Chaoyang District, Beijing, the Company carried out a series of "3.15" publicity activities themed on anti-fraud and the full registration-based system reform;</li> <li>• Created an investor education model jointly built with government agencies. Together with the Beijing Bureau of the CSRC, SZSE, SSE, and other regulatory bodies, the Company held events such as the "Full Registration-based System Reform Leads to the Future" investor education lecture and the "Visiting Listed Companies" activity;</li> <li>• Participated in the 2023 China International Trade in Services Fair and the Financial Services Thematic Exhibition, popularizing basic fund knowledge, warning about investment risks, and advocating value investment, long-term investment, and rational investment concepts among investors;</li> <li>• Developed and produced investor education products categorized by different investor groups, using formats such as long images, comics, and videos to educate investors on themes including but not limited to the "Full Registration-based System", "Investor Suitability", "Understanding Rights and Exercising Rights", and "Rational View of Market Fluctuations".</li> </ul>
<p>Including investor education into the national education system</p>	<ul style="list-style-type: none"> <li>• Co-signed the <i>Memorandum of Cooperation on Investor Education</i> with the Beijing Bureau of the CSRC, SZSE, the Law School of Peking University, and China Galaxy Securities, and launched the first lecture of the "Capital Market Practice" course series;</li> <li>• In cooperation with SSE, the Company offered the "Securities Market Frontier and Practice" course series for MPAcc students at the School of Business, Renmin University of China, focusing on the latest developments in the securities market and integrating market insights into university education curricula;</li> <li>• Leveraging rich higher education resources in Beijing, the Company organized campus visits and held knowledge lectures for teachers and students of universities.</li> </ul>



CSC's investor education base "Jingxin Academy" carried out "visit + lecture" investor education activities for universities

**2023 Performance:**

- The "Jingxin Academy" investor education base received **over 100,000** online and offline visits throughout the year.
- The Company held **5,310** public investor education events, covering over **42.75 million participants**.
- Through its self-media accounts on various platforms, the Company published **4,031** online investor education works with over **230 million** views.
- For the fifth consecutive year, CSC's investor education base received an "excellent" annual evaluation from the CSRC, and for two consecutive years, it was awarded the highest A rating for securities companies' investor education work by the SAC, the Shanghai Stock Exchange, SZSE, and BSE.

## Optimizing Customer Service

CSC adheres to a customer-centric approach, making high-quality customer service the core of its business operations. It has established a multi-dimensional customer service system to provide comprehensive, full-lifecycle services to customers. It continuously enhances the refinement and professionalism of its customer services while effectively tracking and responding to customer issues and needs, constantly improving customer satisfaction.

In 2023, the Company further upgraded and improved its customer service system, focusing on building a long-tail customer service mechanism, improving full-lifecycle customer services, and upgrading the wealth account management system, among others, to continuously optimize the customer service experience.

### ○ CSC's Customer Service Improvement Measures in 2023

#### Building a long-tail customer service mechanism

- We established a long-tail customer service model for businesses such as wealth management and reverse repos of government bonds. We completed the sorting of content such as access channels, script materials, FAQs, templates, and processes to provide standardized services to long-tail customers;
- We built mechanisms such as profiling, service logic, hardware procurement, telemarketing systems, performance appraisal, service whitelists, and virtual employee;
- With the Shanghai and Guangdong branches as pilots, we organized business training and telemarketing skills training to accelerate the implementation of the service mechanisms.

#### Enhancing customer experience in consultation services

- We set up customer consultation service hotlines, providing smooth human service channels and 7X24 intelligent self-service chatbots to address customer inquiries about account opening, trading rules, and other issues;
- We internally tested online video consultation functions, with professional consultants providing one-on-one, customized video Q&A sessions to provide in-depth guidance on customers' investment concerns;
- We conducted internal training for customer service personnel on service skills and etiquette, aiming to build a professional customer service team.

#### Improving full-lifecycle customer service

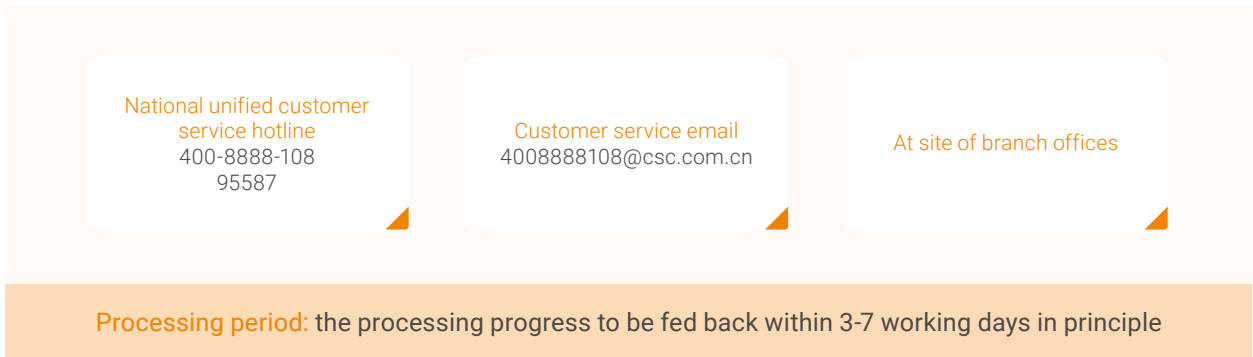
- Pre-sale: We organized employees to conduct research and training on the strategies and fund managers of the financial products sold, and strengthened tracking of enterprise WeChat promotion, online evaluations, and roadshow participation;
- During sale: We established customer classification models based on their profitability and potential business needs, and provided personalized service solutions such as customized concentration limits and in-depth position analysis;
- After-sale: We continuously tracked and evaluated existing products, and provided investment recommendations based on the current market environment. We established dedicated after-sales teams to provide service support and comprehensive research empowerment and accompaniment based on actual business needs.

#### Upgrading the wealth account management system

- We enriched the "Wealth Sub-Account" function, providing customers with one-stop overviews, one-click filtering, and customized filtering services for funds, as well as clear tracking of account asset scale, cost input, and profit and loss throughout the process;
- We built a comprehensive account issue detection function on the business handling homepage, centrally detecting and displaying abnormal account status, expired risk assessments, high-risk detection items, prompts, account permissions, eliminating pain points such as multiple pop-up types and complex prompts during self-service handling;
- We introduced new functions such as revisit result prompts and controls, and self-service revisits via electronic questionnaires, adopting multiple measures to create a new account opening experience for customers.

In addition, the Company has formulated the *Implementation Rules for Handling Customer Complaints in Brokerage Business*, set up the Leading Group for Handling Complaints in Brokerage Business, and also established multiple communication channels for customer complaints. We are committed to resolving investor disputes in a systematic and standardized manner under the premise of lawful compliance and enhancing investor satisfaction with its services.

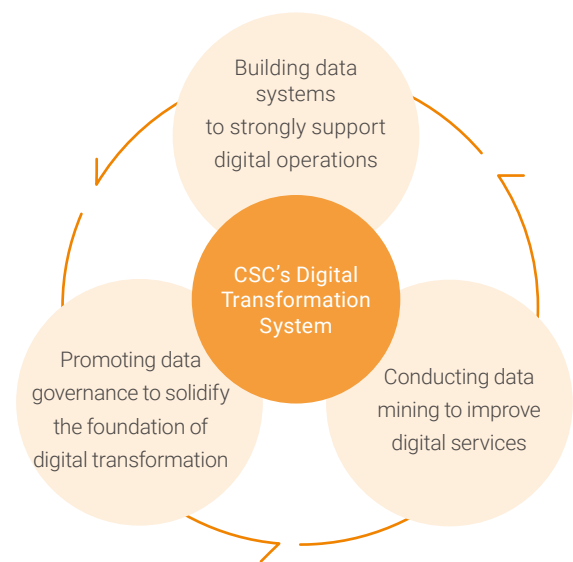
### ○ CSC's complaint communication channels and handling period



- In 2023, our customer service and complaint hotline received 340,000 customer inquiry calls and the response satisfaction rate reaching 98%.
- In 2023, Uwen, our online securities consultation service platform, provided 1.15 million investor advisory services, resolving over 2.88 million investor inquiries in total, with a daily peak of 15,362 inquiries and a customer satisfaction rate of 99%. The platform continued to lead the industry in terms of the online consultation service experience and service volume.

## Investing in Fintech

CSC has made “persisting in technology empowerment and comprehensively promoting digital transformation” one of the basic principles of its 14th Five-Year Plan. It has built a distinctive digital transformation system, using the Specialist of Information (SI) collaborative mechanism as a driving force. With a professional business support technology architecture that responds rapidly and covers all aspects as the core, it promotes the implementation of digital transformation, comprehensively enhances business and operational management, and builds the Company's core technological competitiveness.





Focusing on fintech, CSC pays attention to customers' digital needs. Through digital means, it continuously optimizes business processes and promotes the integration of fintech with business scenarios. In areas such as trading, clearing, risk control, compliance, and customer service, it continuously develops personalized services, co-building a financial technology ecosystem with customers.

### ○ CSC's Nine Major Financial Technology Explorations and Practices



In 2023, the Company continued to follow the latest fintech achievements and invested resources to strengthen research and application of emerging technologies such as artificial intelligence, blockchain technology, cloud computing, and big data. Through the deep integration of finance and technology, it strove to improve operational efficiency and business decision-making capabilities.

### ○ CSC's Research and Application of Emerging Technologies and Achievements in 2023

#### Artificial intelligence applications

- We built IntelliGate, the Company's AI portal website, realizing centralized management of the Company's AI technologies;
- We improved the construction of the AI quantitative strategy research platform and high-frequency factor research platform, providing thousands of fundamental and high-frequency AI factors, over 40 AI quantitative strategies to various business lines for investment decision-making;
- We researched low-resource and low-cost common fine-tuning techniques for large models, constructed training data for generative text summarization tasks, and completed fine-tuning training based on the ChatGLM model;
- We completed the testing environment setup for the NLP&OCR Intelligent Processing Platform, which supports functions such as text annotation, model training, verification, and model deployment.

#### Blockchain technology applications

- We promoted the on-chain management of the customer interaction behavior system, completing the notarization of 9 business scenarios, with nearly 350,000 daily on-chain data records, ensuring that customer interaction behaviors cannot be tampered with and can be verified and retrieved at any time;
- We continuously maintained and optimized three blockchain systems: the Cross-Border Research Report Notarization Platform, the Risk Data Sharing Platform, and the Investment Banking Quality Self-Assessment Submission Platform.

### Cloud applications

- We advanced the construction of private clouds for business systems, with over 60% of them going to cloud;
- We built a cloud portal system to provide the Company with one-stop access to cloud service query and retrieval, service application and access, and improve the level of cloud service autonomy.

### Big data applications

- We extended data aggregation in the middle office, adding 2 clusters and 26 nodes, and connecting 14 new business systems such as anti-money laundering, intelligent decision-making, employee office apps, and brokerage business customer accounting;
- We enhanced data efficiency for business systems, adding 3 new clusters centered around real-time data, databases, and message clouds, increasing data volume by nearly 3TB, and connecting dozens of new business systems.



### Using the Qingting Dianjin app to empower customer service quality and efficiency

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

- We adapted to industry standard business reforms, completing system upgrades for the full registration-based system, BSE convertible bonds, and new share subscription risk disclosure.
- We explored non-face-to-face account opening technology innovations, taking the lead in launching a full-process digital companion application for account opening scenarios.

In 2023, the average monthly active users of the Qingting Dianjin app exceeded 5.8 million, ranking 7th among securities apps.



Interface of the Qingting Dianjin app

Furthermore, the Company continuously expanded its investment in innovative technology research and applications in the financial field. It actively conducted research on fintech-related topics, reinforcing the understanding of the relationship between fintech security and development, building consensus and joint efforts, and promoting the steady and far-reaching advancement of fintech.

### 2023 Performance:

- The investment in the construction of information systems reached **RMB 1,460.3887 million**.
- The "New Media Content Risk Control Platform Based on the Characteristics of the Securities Industry" project won **the second prize of the 2022 Fintech Development Award** issued by the People's Bank of China.
- The "Research on Listed Companies and Shareholders' Business Opportunity Mining Platform Based on Big Data and Artificial Intelligence" and "Application Research of ChatGPT Generated AI Large Model in securities Companies and Exploration of regulatory Suggestions" were awarded the **Outstanding topic Report of 2023 Key topic Research** issued by the Securities Association of China.
- The Company's enterprise standard Q/ZXJTPAD 001-2022 "Technical Requirements for Mobile Exhibition clients in the financial field" and enterprise standard Q/ZXJTAPP 002-2022 "Mobile Financial Client Technical Requirements" were awarded the title of **"Leader" in 2022 enterprise standards** issued by the Securities Association of China, the China Futures Association and the Asset Management Association of China.



# 04

## Demonstrating Commitments and Promoting a Diverse and Co-Governed Ecology

CSC actively responds to climate change by establishing a climate change management system, endorsing green office operations, implementing various low-carbon and energy-saving initiatives, and fulfilling its public welfare responsibilities. It comprehensively supports rural revitalization and carries out various social welfare undertakings, fully promoting the construction of a diverse and co-governed ecological environment.

### ○ Response to the issues



### ○ 2023 Performance Highlights

- CSC actively participated in various social welfare activities, with a total charitable giving amounting to RMB20.7361 million.
- China Futures conducted 76 “insurance + futures” projects nationwide, provided risk protection of RMB5,523 million, and conducted 73 professional knowledge training sessions.

## Responding to Climate Change

### Climate Change Management System

According to the World Economic Forum's *Global Risks Report 2023*, "failure to mitigate climate change" and "failure to adapt to climate change" are among the top ten global risks and are expected to become the leading risks within the next ten years. Climate change mitigation and adaptation have become a global consensus. We fully recognize the urgency of the climate change issue, with reference to the IFRS S2 disclosure framework and recommendations, and have established a "governance - strategy - risk management - indicators and targets" climate change management framework to actively address climate change.

#### CSC's Climate Change Management Framework

##### Governance

- Our Board of Directors formulates climate strategies and supervises the management of climate-related issues, tracks the implementation of Board resolutions related to issues including "climate change", and reviews the Company's social responsibility and ESG report and other disclosure matters;
- We have set up an ESG Committee under the Executive Committee chaired by the chairman of the Company to shoulder ESG responsibilities, including formulating a climate-related work plan, reviewing climate risk-related policies and disclosure documents, and identifying climate-related risks and opportunities that materially impact the Company's development, so as to take appropriate coping measures.

##### Strategy

- We place a heightened focus on climate-related risks and their impact on our financial business, strategies, and finances. We have identified major climate-related risks and opportunities based on the developments of the financial industry and take measures to prevent and respond to the transition and physical risks brought by climate change.

##### Risk management

- We have progressively incorporated climate-related risks and opportunities into the risk management system with reference to the IFRS S2 framework, embedding ESG factors into the risk management process of different businesses and integrating climate and environmental considerations across all stages of business management, including approval, due diligence, investment decision-making, credit extension, and concentration management.

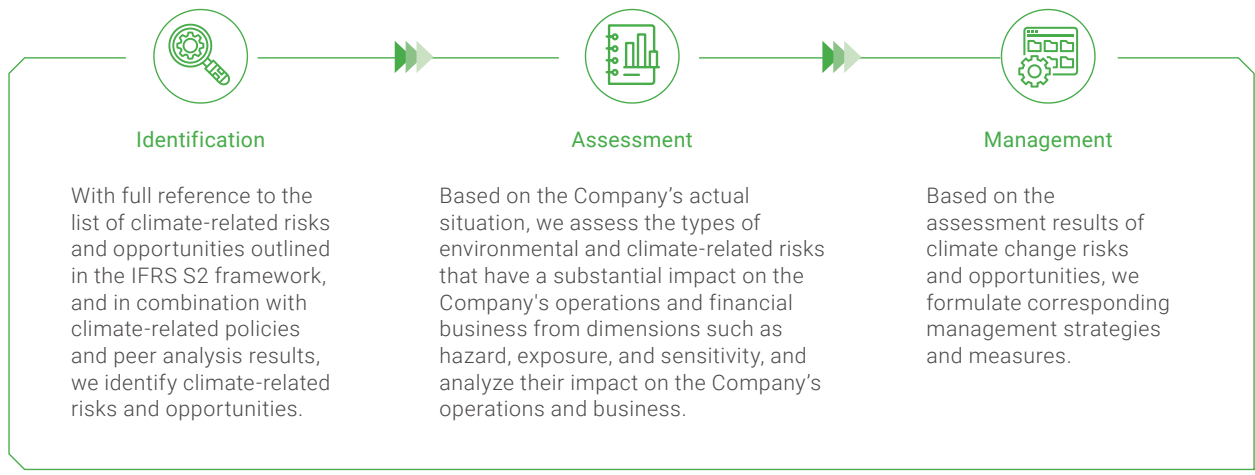
##### Indicators and targets

- We continuously track the development of sustainable finance-related businesses;
- We have set quantitative targets for greenhouse gas emissions per unit area, electricity consumption per unit area, and water consumption per unit area, and annually disclose and analyze relevant indicators such as water resources, energy, and greenhouse gas emissions.

## Climate Risks and Opportunity Management

We actively respond to the challenges of climate change by integrating climate risk management into the Company's comprehensive risk management system. We have established an "identification - assessment - management" climate risk management process. We regularly identify climate-related risks and opportunities, assess the scope, degree, and period of their impact on the Company's operations and financial business, and formulate corresponding management strategies and action measures to manage these risks and opportunities.

### CSC's Climate Change Risk and Opportunity Management Process



We have identified and assessed 3 main climate-related risks and 2 main climate-related opportunities, and plan to continuously conduct in-depth research on these risks and opportunities, gradually promoting work such as climate-related scenario analysis.

### CSC Climate Risk Analysis

Types of risks		Risk description	Impact	Time frame
Physical risks	Acute physical risks	Climate change is expected to increase the probability and severity of climate disasters (such as heavy rain, and flood disasters), resulting in loss of life and property and disruptions to economic activities.	<ul style="list-style-type: none"> <li>Decrease in operating revenue, such as a decline in the value of collateral or damage to collateral in financial services;</li> <li>Increase in operating costs, such as extreme weather events that may cause impairment to the Company's hardware facilities located in the coastal areas of Southeast China;</li> </ul>	Short-, medium- and long-term

Types of risks		Risk description	Impact	Time frame
Transition risks	Policy and legal risks	In response to the carbon peaking and carbon neutrality goals, national environmental policies are becoming stricter. The Company, invested enterprises, or customers may face impacts on their business qualifications if they fail to meet policy and regulatory requirements or may face violations, penalties, or litigation.	<ul style="list-style-type: none"> <li>Increase in operating costs, such as the Hong Kong Stock Exchange's recently published <i>Consultation Paper on Enhancement of Climate-related Disclosures under the Environmental, Social, and Governance Framework</i>, which requires listed companies to disclose climate change-related information. Failure to respond promptly or improper disclosure of relevant information could result in regulatory penalties;</li> <li>Decrease in the value of investment portfolios, as stricter environmental policies will lead to further contraction of highly polluting and high-carbon emission industries, reducing the value of related industries in the Company's investment portfolio.</li> </ul>	Short-, medium- and long-term
	Market risks	As societal awareness and concern about climate change issues gradually increase, market preferences are shifting towards green and low-carbon alternatives. High-carbon products and services face declining demand, brown assets are stranded, and capital inflows supporting low-carbon sectors while outflows from high-emission sectors.	<ul style="list-style-type: none"> <li>Decrease in operating revenue, for example, the Company's high-carbon industry clients may face contraction; failure to respond promptly to market preferences may lead to a loss of competitiveness and market share;</li> <li>Decrease in the value of investment portfolios, as the value of related industries in the Company's investment portfolio may decline.</li> </ul>	Short-, medium- and long-term

### ○ CSC Climate Opportunity Analysis

Types of opportunities	Opportunity description	Impact	Time frame <sup>1</sup>
Market opportunities	In response to the carbon peaking and carbon neutrality goals, China has proposed to vigorously develop green finance and establish a sound green finance system, ushering in broad development opportunities for green finance in China.	<ul style="list-style-type: none"> <li>Increase in operating revenue: A favorable external environment is conducive to the development of the Company's green finance business. The Company can innovate green financial products and services, vigorously develop its green finance business, and obtain related benefits;</li> </ul>	Short- and medium-term
Products and services	The green development trend creates market opportunities that can be capitalized on. The Company can develop innovative green financial products based on an in-depth market trend research to match investors' growing interest in green finance.	<ul style="list-style-type: none"> <li>Increase in the value of investment portfolios: The value of green and low-carbon-related industries in the Company's investment portfolio will increase accordingly.</li> </ul>	Short- and medium-term

Note 1: 0-3 years for short-term, 3-5 years for medium-term and 5-10 years for long-term

In response to the identified and assessed climate-related risks and opportunities, the Company has clarified its overall climate risk management strategy and risk appetite, formulated climate risk management procedures, continuously monitored the implementation of climate risk management in its investment and financing business (see *Feature 3 in this report: Embracing ESG Principles and Conducting Sustainable Finance*), continuously enhanced internal awareness of climate risk, promoted green operations (as detailed in the *Endorsing Green Operations* section of this chapter), and actively addressed climate change.



# Endorsing Green Operations

The Company strictly complies with the *Energy Conservation Law* and the *Environmental Protection Law of the People's Republic of China*, and other relevant laws, regulations, and provisions. We integrate the concept of green operations into all aspects of the Company's business and office operations, practicing low-carbon and energy-saving measures to achieve sustainable operations.

As a financial enterprise, our energy consumption and carbon emissions mainly stem from day-to-day business operations, including the use of electricity, natural gas, and gasoline for Company-owned vehicles. The water we use for daily operations comes from municipal water supplies, which involves no issues in water sourcing. The waste we generate mainly includes non-hazardous waste such as office and kitchen waste, as well as hazardous waste such as discarded electronic products. In 2023, the Company did not have any major environmental issues, did not receive any penalties for environmental violations, and did not receive any environmental complaints.

We have set three-year environmental management targets and are committed to promoting green development to effectively reduce the negative environmental impact of our operations. In 2023, the Company made green operations a strategic cornerstone to promote green, clean, and low-carbon operations by strengthening energy and water resource management in office areas, promoting paperless office initiatives, standardizing waste recycling and disposal practices, advocating for green and low-carbon transportation, practicing green procurement, and advancing the construction of green data centers.

## CSC's Environment Management Targets, Green Operations Initiatives and Results

Environment management targets	
Achieve a decline in our GHG emissions, electricity consumption, and water consumption per unit area in 2025 compared with 2022. We also pledge to steadily improve the identification and statistical management of non-hazardous and hazardous waste sources and limit the amount of waste generated to a low level.	
Aspects	Actions
Standardizing resource use management	<ul style="list-style-type: none"> <li>Low-carbon and environmental factors are fully considered in the Company's headquarters' office area. The buildings are equipped with an intelligent and energy-saving central air conditioning system, with reasonable temperature limits. LED energy-saving lamps are installed and energy-saving power modes are set. Major lighting equipment is automatically turned off during lunch breaks and after work hours. Water-saving faucets are used to control water flow, and water-saving direct drinking water dispensers are used to replace bottled water dispensers. Regular maintenance of water equipment is strengthened to eliminate water waste;</li> <li>Environmental protection concepts are actively promoted, and employees are encouraged to practice energy conservation, such as turning off unused office computers or setting them to energy-saving mode, and turning off lights when leaving.</li> </ul>
Paperless office operations	<ul style="list-style-type: none"> <li>Office printers are set to double-sided printing by default to save paper usage;</li> <li>An information system integration strategy is implemented, promoting paperless offices, meetings, and training. The use of emails, electronic workflows, electronic seals, and electronic devices is promoted to reduce paper usage in office operations. The OA system has been implemented across 5 subsidiaries, covering 6 major public function modules and 17 specialized function modules;</li> <li>In terms of business models, the All-in-One Counter system has been put into use to achieve paperless review, enabling electronic signatures for two types of business: counter services at branches and non-face-to-face witnessed services, greatly reducing the use of office paper. By the end of 2023, the system had been fully launched and operational in more than 300 branches nationwide, covering 99% of account services and achieving centralized paperless review.</li> </ul>

Aspects	Actions
<p>Promoting green travel</p>	<ul style="list-style-type: none"> <li>• Low-carbon business travel concepts are encouraged and practiced, with proper management of official vehicles. Clear regulations are in place for the purchase standards, usage period, personnel range, and usage scenarios of Company vehicles, strictly prohibiting private use of official vehicles;</li> <li>• Vehicle management files are established, recording mileage, repair records, fuel statistics, etc., to track vehicle energy efficiency and promptly replace high-energy consumption equipment;</li> <li>• When employees travel for business activities, they are encouraged to use public transportation and develop reasonable route plans based on the number of people, distance from the destination, weather conditions, etc., promoting green commuting.</li> </ul>
<p>Promoting the construction of green data centers</p>	<ul style="list-style-type: none"> <li>• Green data center construction is promoted through infrastructure upgrades such as parallel reconstruction of cooling tower main pipes, installation of variable frequency drives for refrigeration pumps/cooling pumps/cooling towers, chiller group control, IDC room terminal air conditioning and environmental monitoring, computer room rewiring, cold/hot aisle layout for computer room air conditioning, and introduction of an automated energy management and control platform, achieving reduction in energy consumption.</li> </ul>
<p>Practicing green procurement</p>	<ul style="list-style-type: none"> <li>• Economic and environmental benefits are considered in procurement activities, as detailed in the "Green Procurement" subsection of "Strengthening procurement management".</li> </ul>

In addition, the Company regularly organizes green advocacy activities combined with important environmental commemoration days, using professional and influential promotional methods to strengthen public and employee awareness of green environmental values, and encourage a low-carbon and environmentally friendly lifestyle.



Public welfare promotional posters for important environmental commemoration days

## Supporting Charitable Causes

CSC actively responds to the call for “comprehensively promoting rural revitalization” and comprehensively supports the promotion of agricultural and rural modernization, while fulfilling various social welfare undertakings, with the total charitable giving for the year amounting to RMB 20.7361 million.

We have formulated the *External Donation Management Measures* to strengthen the management of external donations, clarifying the external donation management mechanism. In 2023, we actively supported designated areas through industrial, intellectual support, educational support, and supported poverty alleviation and rural revitalization to consolidate and expand the achievements of poverty alleviation efforts.

### ○ CSC’s Rural Revitalization Achievements in 2023

#### Actively promoting targeted assistance

- We donated a total of RMB13 million to Pingbian County in Yunnan and Qianjiang District in Chongqing, achieving an annual consumption-based assistance amount of RMB13.578 million;
- In collaboration with local branches, we conducted multiple capital market training sessions in the support areas, cumulatively training approximately 371 participants to support local rural revitalization efforts.

#### Providing assistance to poverty-stricken areas

- We and our subsidiaries invested RMB3 million to support areas such as Xuanhan County in Sichuan and Huayuan County in Hunan, aimed at improving local livelihoods and infrastructure construction;
- China Futures signed rural revitalization assistance agreements with 24 poverty-alleviation areas, including Lankao County in Henan. It also signed party-building co-construction agreements with 35 party organizations in poverty-alleviation areas, such as the Chengguan Town Committee of Baihe County. Additionally, it dispatched employees to Muliang Village in Qianjiang District, Chongqing, to assist the first secretary in carrying out village-based assistance work. It implemented 48 donation projects, donating a total of RMB1.9864 million and assisted 10 enterprises in poverty-alleviation areas in establishing online sales platforms.

#### Comprehensively promoting financial assistance

- We assisted impoverished areas in alleviating financing difficulties, completing 9 bond financing projects for poverty-alleviation areas, with an underwriting scale of RMB3,963 million and a financing scale of RMB5,871 million. We also completed 1 IPO project, raising RMB425 million;
- China Futures carried out 76 “insurance + futures” and 239 over-the-counter options projects across the country, involving rubber, corn, soybean meal, live pigs and other targets, provided farmers and enterprises with risk protection of about 5.523 billion yuan, achieving a total compensation of about 107 million yuan, and conducted 73 professional knowledge trainings.



### “Insurance + Futures” Provides Risk Protection for Rubber Enterprises in Mengla County

Mengla County, Yunnan Province, was once a nationally designated poverty-stricken county. Natural rubber, as one of the leading industries, played a crucial role in supporting the income of local farmers. In recent years, the persistently low rubber prices have posed severe economic challenges for local households, putting farmers' earnings under tremendous pressure.

In 2023, China Futures in collaboration with the Yunnan Branch of PICC Property and Casualty Company Limited and the Yunnan Rubber Group, launched the innovative “second settlement” model, the “Insurance + Futures” project, in Mengla County. This project insured 25,000 mu (about 1,667 hectares) of rubber plantations, totaling 2,500 tons, involving 913 rubber farmer households. It achieved a payout of RMB1.9875 million, with a payout ratio of 112.77%, effectively providing “price protection” for the rubber farmers in Mengla County.

In addition, the Company actively participated in various social welfare activities, with social welfare and charity donations of RMB2.7496 million in 2023. The Company allocated RMB2 million to the CSC Public Welfare Foundation, of which RMB200 thousand was specifically used for special public welfare projects such as the post-disaster reconstruction project in Jishishan County, Gansu, after the earthquake. In the meantime, the Company fully mobilized its employees to actively participate in social welfare work, organizing employee volunteers to participate in disaster relief donations, “Two Sessions” duty stations, the “Internet+” nationwide tree planting campaign, the “Good Walker” public welfare hiking, the Red Coast Protection Volunteer Campaign, and the “Light Up Rural Children’s Wishes” initiative on the Children’s Day.



### China Futures Launches the “Spring Warmth Student Aid Companion Plan”

On March, 2023, China Futures officially launched the “Spring Warmth Student Aid Companion Plan”, providing 10 years of targeted donation assistance to 15 junior high school students from disadvantaged families but with excellent academic performance in Qianjiang District, Wanzhou District, and Wuxi County of Chongqing. This activity embodied the sustainability and depth of the assistance efforts, representing a positive exploration of donation assistance. By the end of the project, the Company will have provided approximately RMB750 thousand in student aid funds. The first and second student aid funds have been allocated.



# ESG Data Performance

## Economic Performance Indicators

Indicator	Unit	2021	2022	2023
Total assets	RMB100 million	4,527.91	5,092.06	5,227.52
Operating revenue	RMB100 million	298.72	275.65	232.43
Basic earnings per share	RMB	1.25	0.86	0.78
Social contribution per share	RMB	3.51	3.10	2.97

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

## Corporate Governance Performance Indicators

Indicator	Unit	2021	2022	2023
Number of directors	person	14	14	13
Number of executive directors	person	2	2	2
Number of non-executive directors	person	7	7	6
Number of independent non-executive directors	person	5	5	5
Number of male directors	person	10	10	11
Number of female directors	person	4	4	2
Number of directors aged between 30 and 40	person	2	1	0
Number of directors aged between 41 and 50	person	2	5	7
Number of directors aged over 50	person	10	8	6
Number of supervisors	person	5	5	6
Number of employee supervisors	person	2	2	2
Number of male supervisors	person	2	3	4
Number of female supervisors	person	3	2	2
Number of supervisors aged between 30 and 40	person	0	0	0
Number of supervisors aged between 41 and 50	person	3	2	2
Number of supervisors aged over 50	person	2	3	4
Number of shareholders' meetings	time	5	3	5
Number of board meetings	time	10	9	11
Number of meetings of the Supervisory Committee	time	7	7	6
Number of meetings of special committees under the Board	time	16	17	22

## Environmental Performance Indicators

Indicator	Unit	2021	2022	2023
<b>Energy consumption</b>				
<b>Direct energy consumption</b>				
Gasoline consumption	liter	118,026.64	94,027.16	105,413.50
Natural gas consumption	m <sup>3</sup>	24,372	30,272.41	36,245.39
<b>Indirect energy consumption</b>				
Purchased electricity consumption	MWh	7,277.16	17,407.02	18,877.88
<b>Water consumption</b>				
Total water consumption	ton	23,041.80	73,582.38	72,939.81
Water consumption per unit area	ton/m <sup>2</sup>	0.27	0.33	0.25
<b>Packaging consumption</b>				
Volume of packaging materials	ton	1.7	1.8	1.7

Indicator	Unit	2021	2022	2023
<b>Emissions</b>				
Total GHG emissions (Scope 1 and Scope 2)	tCO <sub>2</sub> e	4,620.23	10,244.02	11,123.60
GHG emissions (Scope 1)	tCO <sub>2</sub> e	371.10	316.80	312.36
GHG emissions (Scope 2)	tCO <sub>2</sub> e	4,249.13	9,927.22	10,811.24
GHG emissions (Scope 3)	tCO <sub>2</sub> e	---	---	14,508.75
GHG emissions per unit area (Scope 1 and Scope 2)	tCO <sub>2</sub> e/m <sup>2</sup>	0.054	0.046	0.039
GHG emissions per capita (Scope 3)	tCO <sub>2</sub> e/person	---	---	1.04
Total amount of waste generated	ton	331.26	435.82	391.06
Total amount of non-hazardous waste	ton	233.20	394.01	374.08
Total amount of hazardous waste	ton	98.06	41.81	16.98
Total NOx emissions	ton	0.04	0.01	0.01
Total CO emissions	ton	0.77	0.21	0.31
Total HC emissions	ton	0.09	0.02	0.04
Particulate matter	ton	0.01	0.003	0.004

Note 1: The figures of energy consumption, water resource utilization, and emission-related indicators for 2021 included the parent company (headquarters and branches' headquarters) as well as its subsidiaries China Futures China Capital China Securities International, China Fund China Securities Investment. Since 2022, the scope has been expanded to also include and the securities sales departments of CSC subsidiaries and China Futures subsidiaries and sales departments. Since 2022, the water consumption has been recorded in the Company accounting and statistics is from municipal water supply (tap water). In 2023, the Company fully resumed on-site operations, leading to a significant increase in natural gas consumption, purchased electricity, and GHG emissions (Scope 2).

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

Note 3: GHG emissions (Scope 1) include the direct GHG emissions from natural gas consumption and self-owned vehicle gasoline consumption. GHG emissions factors (Scope 1) for 2022 was in accordance with the Hong Kong Stock Exchange guidance document *How to Prepare Environmental, Social and Governance Report Appendix II: Guidelines for Reporting Environmental Key Performance Indicators* (March 25, 2022), *Guidelines on enterprises greenhouse gas emissions accounting and reporting -Power generation facilities (2022)* by Ministry of Ecology and Environment of the PRC and *China Energy Statistical Yearbook (2022)* by National Bureau of Statistics. The greenhouse gas emission factor of gasoline for 2023 was in

accordance with the *Guidelines for the Preparation of Provincial Greenhouse Gas Inventories (Trial)*, *GB 17930-2016 Motor Gasoline, Greenhouse Gas Emission Accounting Methods and Reporting Guidelines for Land Transportation Enterprises (Trial)*, and *China Energy Statistical Yearbook (2022)*; natural gas GHG emission factor for 2023 was in accordance with the *Guidelines on enterprises greenhouse gas emissions accounting and reporting -Power generation facilities (2022)* by Ministry of Ecology and Environment of the PRC and *China Energy Statistical Yearbook (2022)* by National Bureau of Statistics. GHG emissions (Scope 2) are the indirect greenhouse gas emissions generated by purchased electricity. In 2023, the scope was expanded to include indirect greenhouse gas emissions resulting from purchased steam and purchased hot water. The emission factor used for 2021, namely 0.5839 tCO<sub>2</sub>/MWh, was based on the national grid average emission factor provided in the *Guidelines on Enterprises GHG Emissions Accounting and Reporting for Power Generation Facilities (2021 Revision)* issued by the Ministry of Ecology and Environment. From 2022, the emission factor of electricity has been taken from the national grid emission factor of 0.5703 tCO<sub>2</sub>/MWh specified in the *Notice on the Management of Greenhouse Gas Emissions Reporting of Power Generation Enterprises for 2023-2025* issued by the Ministry of Ecology and Environment, and namely 0.68tCO<sub>2</sub>/MWh, from HK Electric 2022 Sustainability Report, indicated by 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)*. For other carbon emission factors of energy consumption, references are made to *China Development and Reform Commission's Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of Enterprises in Other Industries (Trial) (2015)* and the recommended values of *How to Prepare Environmental, Social and Governance Report Appendix II: Guidelines for Reporting Environmental Key Performance Indicators (March 25, 2022)*. Scope 3 GHG emissions include emissions from employee commuting, among which employee commuting data is derived from employee sample survey results and inferred based on proportions. The 2023 carbon emission factor is taken from *Beijing Low-Carbon Travel Emission Reduction Methodology (Trial) (2023)*, the *Methodology on Carbon Emission Reduction in Beijing Oil-to-Electricity Small Passenger Vehicle Travel (Trial) (2023)*, and the *How to Prepare Environmental, Social and Governance Report Appendix II: Guidelines for Reporting Environmental Key Performance Indicators (March 25, 2022)*.

Note 4: The main sources of the Company's air pollutants are the exhaust emissions from its business vehicles. The emissions of four major air pollutants, namely nitrogen oxides (NO<sub>x</sub>), carbon monoxide (CO), hydrocarbons (HC), and particulate matter (including PM2.5 and PM10), are disclosed in this report. Since sulfur dioxide (SO<sub>2</sub>) emission was less than 0.01 tons in 2023, it is not disclosed in this report. The calculation of air pollutants has been mainly based on the *Technical Guidelines for the Compilation of Atmospheric Pollutant Emission Inventory of Road Motor Vehicles* issued by the Ministry of Ecology and Environment (MEE).

Note 5: In 2021 and 2022, the data for non-hazardous waste included paper, plastic, metal, and municipal solid waste collection. Hazardous waste data included toner cartridges, ink cartridges, batteries, and printers. In 2023, based on the *National Catalogue of Hazardous Wastes (2021 Edition)*, the waste types were adjusted, and consumables such as toner cartridges and ink cartridges were included in the non-hazardous waste statistics, resulting in significant changes in the data for various waste categories.

## Social Performance

### Social Performance Indicators<sup>1</sup>

Indicator	Unit	2021	2022	2023
Number of problems resolved by customer inquiries <sup>2</sup>	10,000 case	436	473	322
Number of complaints received about products or services	case	83	107	110
Complaint resolution rate	%	100.00	100.00	100.00
Customer satisfaction rate	%	99	99	99

Note 1: The statistical scope of the data is the same as that of the consolidated financial statements.

Note 2: The number of problems resolved by customer inquiries for 2021 and 2022 are based on data collected from the online platform Uwen. In 2023, the scope was expanded to include the number of resolved customer hot wire. In 2023, the number of problems resolved by customer inquiries declined, due to the influence of the market.

### Supplier Performance Indicators

Indicator	Unit	2021	2022	2023
Coverage of supplier audit	%	100.00	100.00	100.00
Number of suppliers	supplier	465	483	833
Number of suppliers from the mainland of China	supplier	460	478	822
Number of suppliers from Hong Kong, Macau, Taiwan, and overseas	supplier	5	5	11
Proportion of new suppliers signing the Qualified Supplier Pledge	%	100.00	100.00	100.00

Note: The data pertains to the parent company of CSC and has been approved by the Procurement Management Department. It excludes branches and subsidiaries. In 2023, the Company actively expanded its public procurement efforts, adopted multiple measures to broaden the sources of high-quality suppliers, proactively invited suppliers with strong comprehensive capabilities to join the Company's qualified supplier pool and participate in project procurement, resulting in a significant increase in the number of suppliers in the year.



Employment Performance Indicators <sup>1</sup>

Indicator		Unit	2021	2022	2023
Total number of employees (full-time)		person	11,778	14,147	13,901
By gender	Male	person	6,807	8,031	8,093
	Female	person	4,971	6,116	5,808
By age group	>50	person	570	640	697
	Between 30 and 50	person	6,839	7,733	8,456
	<30	person	4,369	5,774	4,748
By geographical region	Mainland of China	person	11,572	13,906	13,653
	Hong Kong	person	206	241	248
By employee type	Non-management employees	person	11,652	14,017	13,774
	Middle managers	person	109	114	112
	Senior managers	person	17	16	15
Employee turnover rate <sup>2</sup>		%	9.49	8.17	11.73
By gender	Male	%	10.06	8.46	10.65
	Female	%	8.69	7.79	13.18
By age group	>50	%	13.50	11.04	12.42
	Between 30 and 50	%	7.25	6.40	6.38
	<30	%	12.51	10.30	19.86
By geographical region	Mainland of China	%	9.13	7.92	11.64
	Hong Kong	%	25.36	21.99	16.77
Number of male employees in management positions		person	110	111	108
Number of female employees in management positions		person	16	19	19
Number of new male employees		person	1,590	1,846	877
Number of new female employees		person	954	1,531	531
Number of new campus hires		person	807	2,014	618
Number of ethnic minority employees		person	527	656	639

Note 1: The statistical scope of the data is the same as that of the consolidated financial statements. In 2023, the Company's wealth management business was in a rapid transformation phase. The personnel structure of the wealth management line was continuously optimized and improved to align with the business transformation, resulting in an increase in employee turnover rate and a decrease in the number of new hires.

Note 2: Employee turnover rate is calculated based on employees under labor contracts as follows: Number of employees lost in each category within the year/total number of employees in each category.

Employee Rights Performance Indicators<sup>1</sup>

Indicator	Unit	2021	2022	2023
Labor contract signing rate	%	100.00	100.00	100.00
Social insurance coverage rate	%	100.00	100.00	100.00
Total number of labor discrimination incidents	case	0	0	0
Work-related fatalities	person	0	0	0

Indicator	Unit	2021	2022	2023
Working days lost due to work-related injuries	day	125	0	57.5 <sup>2</sup>
Employee medical examination coverage rate	%	100.00	100.00	100.00
Employee occupational disease incidence rate	%	0.00	0.00	0.00

Note 1: The statistical scope of the data is the same as that of the consolidated financial statements.

Note 2: In 2023, the Company experienced three work-related accidents, involving injury during a union activity, a traffic accident on the way home from work, and a sprained ankle on the stairs in the office area.

### Employee Training Performance Indicators

Indicator	Unit	2021	2022	2023	
Total expense of employee training	RMB10,000	1,131	1,300	1,986	
Employee training attendance	person-time	--	107,895	135,541	
Coverage of employee training	%	90.00	87.45	94.05	
By gender	Male	%	90.20	89.08	95.09
	Female	%	89.70	85.38	92.60
By employee type	Non-management employees	%	93.50	86.63	94.00
	Middle managers	%	86.50	100.00	100.00
	Senior managers	%	100.00	100.00	100.00
Average training hours per employee	hour	45.20	45.83	48.69	
By gender	Male	hour	44.80	48.44	50.18
	Female	hour	46.60	42.40	46.62
By employee type	Non-management employees	hour	49.20	42.98	48.50
	Middle managers	hour	40.60	333.40	353.57
	Senior managers	hour	40.00	179.57	170.00
Proportion of employees who receive regular performance and career development evaluations	%	100.00	100.00	100.00	

Note: The statistical scope of the data is the same as that of the consolidated financial statements. In 2023, the Company fully restarted and strengthened its offline training system, increasing resource investment in training. As a result, data such as expense of employee training and attendance numbers increased compared to previous years.

### Social Contribution Performance Indicators<sup>1</sup>

Indicator	Unit	2021	2022	2023
Total charitable giving	RMB10,000	2,499.94	2,498.77	2,073.61
To rural revitalization	RMB10,000	1,199.94	1,966.04	1,772.37
To donations	RMB10,000	1,200	532.73	274.96
To education	RMB10,000	100	--	26.27 <sup>2</sup>
Number of employee participations in volunteering	person-time	--	2,097	5,428 <sup>3</sup>
Hours contributed to volunteering by employees	hour	--	7,391	4,285

Note 1: The statistical scope of the data is the same as that of the consolidated financial statements.

Note 2: In 2023, the Company's charitable giving expenditures for education subsidies were all for educational assistance in rural revitalization areas.

Note 3: In 2023, the "Internet +" national voluntary tree planting employee volunteer service activity held by the Company attracted a large number of participants. However, the duration of a single activity was relatively short, so the number of employee volunteer service increased significantly in 2023, and the total service time decreased.

# Reporting Guidelines Index

Index for SSE Self-regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 1. – Standard Operation (Revised in December 2023)

Disclosure Advice	Sections
8.1	Sound Corporate Governance Safeguarding Employee Rights Implementing Investor Education and Protection Fulfilling Public Welfare Responsibilities
8.2	Feature 1: Building a Robust Financial Security Defense through Comprehensive Risk Control Adherence to Business Ethics
8.3	ESG Strategy and Management
8.4	CSC's 2023 CSR Highlights ESG Data Performance
8.5	Disclosed
8.6	Safeguarding Employee Rights Endorsing Green Operations Fulfilling Public Welfare Responsibilities
8.7	Safeguarding Employee Rights
8.8	Strengthening Procurement Management Responding to Climate Change Endorsing Green Operations
8.9	Endorsing Green Operations ESG Data Performance
8.10	Endorsing Green Operations ESG Data Performance
8.11	Endorsing Green Operations
8.12	Not Applicable
8.13	Not Applicable
8.14	Valuing Talent and Creating a Diverse and Inclusive Workplace
8.15	Investing in Fintech

HKEX Environmental, Social and Governance Reporting Guide (Effective on December 31, 2023) Index

Part B: Mandatory Disclosure Requirements	
Governance Structure	ESG Management Statement from the Board ESG Strategy and Management
Reporting Principles	About this Report
Reporting Boundary	About this Report

Part C: “Comply or explain” Provisions			
Subject Areas, Aspects, General Disclosures and KPIs	Sections	Subject Areas, Aspects, General Disclosures and KPIs	Sections
<b>A. Environment</b>		B4.1	Safeguarding Employee Rights
<b>A1. Emissions</b>	Endorsing Green Operations	B4.2	Safeguarding Employee Rights
A1.1	ESG Data Performance	<b>Operating Practices</b>	
A1.2	ESG Data Performance	<b>B5. Supply Chain Management</b>	Strengthening Procurement Management
A1.3	ESG Data Performance	B5.1	ESG Data Performance
A1.4	ESG Data Performance	B5.2	Strengthening Procurement Management ESG Data Performance
A1.5	Endorsing Green Operations	B5.3	Strengthening Procurement Management
A1.6	Endorsing Green Operations	B5.4	Strengthening Procurement Management
<b>A2. Use of Resources</b>	Endorsing Green Operations	<b>B6. Product Responsibility</b>	Implementing Investor Education and Protection
A2.1	ESG Data Performance	B6.1	The Company’s products are financial products which are not applicable for this indicator
A2.2	ESG Data Performance	B6.2	Optimizing Customer Service
A2.3	Endorsing Green Operations	B6.3	Feature 1: Building a Robust Financial Security Defense through Comprehensive Risk Control
A2.4	Endorsing Green Operations	B6.4	The Company’s products are financial products which are not applicable for this indicator
A2.5	The Company’s products are financial products which are not applicable for this indicator	B6.5	Feature 1: Building a Robust Financial Security Defense through Comprehensive Risk Control
<b>A3. The Environment and Natural Resources</b>	Endorsing Green Operations	<b>B7. Anti-corruption</b>	Adherence to Business Ethics
A3.1	Endorsing Green Operations	B7.1	ESG Data Performance
A4. Climate Change	Responding to Climate Change	B7.2	ESG Data Performance
A4.1	Responding to Climate Change	B7.3	ESG Data Performance
<b>B. Social</b>		<b>Community</b>	
<b>Employment and Labour Practices</b>		<b>B8. Community Investment</b>	Fulfilling Public Welfare Responsibilities
<b>B1. Employment</b>	Safeguarding Employee Rights	B8.1	Fulfilling Public Welfare Responsibilities ESG Data Performance
B1.1	ESG Data Performance	B8.2	Fulfilling Public Welfare Responsibilities ESG Data Performance
B1.2	ESG Data Performance		
<b>B2. Health and Safety</b>	Creating a Dynamic Workplace		
B2.1	ESG Data Performance		
B2.2	ESG Data Performance		
B2.3	ESG Data Performance		
<b>B3. Development and Training</b>	Fostering Talent Development		
B3.1	ESG Data Performance		
B3.2	ESG Data Performance		
<b>B4. Labour Standards</b>	Safeguarding Employee Rights		

## GRI Content Index

Statement of use	CSC has prepared this report with reference to the GRI Standards, covering the period between January 1 and December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021

GRI Standards	Disclosure	Sections
GRI 2: General Disclosures 2021	2-1	About CSC
	2-2	About this Report
	2-3	About this Report
	2-6	About CSC
	2-7	ESG Data Performance
	2-8	ESG Data Performance
	2-9	Sound Corporate Governance
	2-10	Sound Corporate Governance
	2-11	Sound Corporate Governance
	2-12	Sound Corporate Governance
	2-13	ESG Strategy and Management
	2-14	About this Report
	2-16	ESG Strategy and Management Sound Corporate Governance
	2-17	ESG Strategy and Management
	2-19	Sound Corporate Governance
	2-22	ESG Management Statement from the Board
	2-26	ESG Strategy and Management
2-27	Feature 1: Building a Robust Financial Security Defense through Comprehensive Risk Control Endorsing Green Operations	
2-29	ESG Strategy and Management	
GRI 3: Material Issues 2021	3-1	ESG Strategy and Management
	3-2	ESG Strategy and Management
	3-3	ESG Strategy and Management
GRI 201: Economic Performance 2016	201-1	CSC's 2023 CSR Highlights ESG Data Performance
GRI 203: Indirect Economic Impacts 2016	203-1	Feature 2: Supporting the Real Economy and Giving Full Play to the Support of the Financial Hub Feature 3: Embracing ESG Principles and Conducting Sustainable Finance Fulfilling Public Welfare Responsibilities
GRI 205: Anti-corruption 2016	205-1	Adherence to Business Ethics
	205-2	Adherence to Business Ethics
	205-3	Adherence to Business Ethics
GRI 302: Energy 2016	302-1	ESG Data Performance
	302-2	ESG Data Performance
	302-3	ESG Data Performance
	302-4	Endorsing Green Operations ESG Data Performance

GRI Standards	Disclosure	Sections
GRI 303: Water and Effluents 2018	303-3	Endorsing Green Operations
	303-5	ESG Data Performance
GRI 305: Emissions 2016	305-1	ESG Data Performance
	305-2	ESG Data Performance
	305-3	ESG Data Performance
	305-4	ESG Data Performance
	306-1	ESG Data Performance
GRI 306: Waste 2020	306-2	ESG Data Performance
	306-3	ESG Data Performance
	308-1	Strengthening Procurement Management
GRI 308: Supplier Environmental Assessment 2016	308-2	Strengthening Procurement Management
	401-1	ESG Data Performance
GRI 401: Employment 2016	401-2	Safeguarding Employee Rights
	403-1	Creating a Dynamic Workplace
GRI 403: Occupational Health and Safety 2018	403-3	Creating a Dynamic Workplace
	403-5	Creating a Dynamic Workplace
	403-6	Creating a Dynamic Workplace
	403-7	Creating a Dynamic Workplace
	403-8	Creating a Dynamic Workplace
	403-9	ESG Data Performance
	404-1	ESG Data Performance
GRI 404: Training and Education 2016	404-2	Fostering Talent Development ESG Data Performance
	404-3	ESG Data Performance
	405-1	Sound Corporate Governance Safeguarding Employee Rights ESG Data Performance
GRI 405: Diversity and Equal Opportunity 2016		
GRI 406: Non-discrimination 2016	406-1	Safeguarding Employee Rights
GRI 408: Child Labor 2016	408-1	Safeguarding Employee Rights
GRI 409: Forced or Compulsory Labor 2016	409-1	Safeguarding Employee Rights
GRI 413: Local Communities 2016	413-1	Fulfilling Public Welfare Responsibilities
	413-2	Fulfilling Public Welfare Responsibilities
GRI 414: Supplier Social Assessment 2016	414-1	Strengthening Procurement Management
	414-2	Strengthening Procurement Management
GRI 417: Marketing and Labeling 2016	417-1	Implementing Investor Education and Protection
	417-2	Implementing Investor Education and Protection
	417-3	Implementing Investor Education and Protection
GRI 418: Customer Privacy 2016	418-1	Feature 1: Building a Robust Financial Security Defense through Comprehensive Risk Control

# Definition

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

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



# About this Report

This is the eighth Social Responsibility & Environmental, Social and Governance (ESG) report published by CSC Financial Co., Ltd. The report presents the specific measures, important practices, highlights, and key performance indicators of CSC on material economic, environmental, social and governance issues in 2023 to the various stakeholders.

## Reporting Scope

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

Reporting period: January 1, 2023 to December 31, 2023

Reporting cycle: This report is an annual report, and the previous report was released in March 2023.

## Reporting Guidelines

This report has been prepared in accordance with the *SSE Self-regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 1 – Standard Operation (Revised in December 2023)*, the *HKEX ESG Reporting Guide (Effective on December 31, 2023)* while referencing the *CSRC Guidelines on the Content and Format of Information Disclosure by Companies Issuing Public Securities No. 2: Content and Format of Annual Reports (Revised 2021)* and the *GSSB GRI Standard*.

## Content and Data

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

## Reporting Principles

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

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

## Report Version and Access

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

## Reader Feedback

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

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