



中信证券股份有限公司

CITIC Securities Company Limited

2018 SOCIAL RESPONSIBILITY REPORT

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I. ABOUT THIS REPORT

This report presents the activities and performance of CITIC Securities Co., Ltd. (hereinafter referred to as “the Company” or “CITIC Securities”) in the economic, social and environmental responsibility.

(i) Period of This Report

Unless otherwise stated, this report covers the period from January 1, 2018 to December 31, 2018.

(ii) Release Cycle of This Report

The social responsibility report is released annually.

(iii) Reference Standards for Preparation

This report is prepared based on the *Notice on Strengthening the Social Responsibility of Listed Companies and Issuing the Guidelines of Shanghai Stock Exchange on Environmental Information Disclosure of Listed Companies* and the *Guidelines of Shanghai Stock Exchange on Environmental Information Disclosure of Listed Companies* issued by the Shanghai Stock Exchange, and Appendix II, No. 1 Memorandum of 2009 Annual Report for Listed Companies, *Guidelines for the Preparation of Report on Fulfilling the Social Responsibility by the Company*, with reference to and in accordance with the Environmental, Social and Governance Reporting Guide (“the ESG Reporting Guide”) of the Stock Exchange of Hong Kong Limited.

(iv) Data Interpretation

All data in this report are from the Company’s relevant statistical reports and formal documents. The data in the Section iii of Chapter VIII headed “Table of Key Data” in this report is assured by PricewaterhouseCoopers Zhong Tian LLP.

The currencies in this report are all in RMB except for special marks.

(v) Approval and Release of This Report

The contents and data disclosed in this report are reviewed and approved by the Company’s Board of Directors and the Board of Supervisors.

This report is published as a PDF electronic version on:

Website of Shanghai Stock Exchange (<http://www.sse.com.cn>)

HKEXnews Website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>)

Website of the Company (<http://www.cs.ecitic.com>)

II. ABOUT CITIC SECURITIES

(i) Company Profile

CITIC Securities is one of the first comprehensive securities companies approved by China Securities Regulatory Commission (hereinafter referred to as the “CSRC”). It was formerly known as CITIC Securities Co., Ltd. and was established in Beijing on October 25, 1995 with a registered capital of RMB300 million.

In December 2002, the Company’s initial public offering (“IPO”) of A shares was 40,000 shares and was listed on the Shanghai Stock Exchange on January 6, 2003 (with the stock abbreviation of “CITIC Securities” and stock code of “600030”). From September to October 2011, the Company’s initial public offering of H shares was 1,071,207,000 shares (including the part that exercises green shoe options) and was listed on the Main Board of the Stock Exchange of Hong Kong Limited (with the stock abbreviation of “CITIC Securities” and stock code of “6030”). As at the end of the reporting period, the Company’s total number of shares was 12,116,908,400 shares, including 9,838,580,700 A shares and 2,278,327,700 H shares.

The Company’s business scope includes: securities brokerage (limited to areas beyond Shandong Province, Henan Province, Tiantai County of Zhejiang Province and Cangnan County of Zhejiang Province); securities investment advisory; financial consulting related to securities trading and securities investment activities; securities underwriting and sponsoring; securities proprietary trading; securities asset management; securities margin trading; distribution of securities investment funds; distribution of financial products; and market-making of stock options.

At present, the Company owns 4 major wholly-owned subsidiaries, namely CITIC Securities (Shandong) Co., Ltd. (hereinafter referred to as “CITIC Securities (Shandong)”), CITIC Securities International Company Limited (hereinafter referred to as “CITIC Securities International”), Goldstone Investment Co., Ltd. (hereinafter referred to as “Goldstone Investment”), CITIC Securities Investment Co., Ltd. (hereinafter referred to as “CITIC Securities Investment”); 2 major holding subsidiaries, namely, CITIC Futures Co., Ltd. (hereinafter referred to as “CITIC Futures”), China Asset Management Co., Ltd. (hereinafter referred to as “China AMC”).

As at December 31, 2018, the Company and CITIC Securities (Shandong), CITIC Futures, Jintong Securities Co., Ltd. (hereinafter referred to as “Jintong Securities”) have a total of 77 branches and 278 outlets (including 273 securities outlets and 5 futures outlets) in China. In addition, CITIC Securities International has 4 branches in Hong Kong through its subsidiaries.

After its listing on the Shanghai Stock Exchange, the Company was included in SSE 180 Index, SSE 50 Index, CSI 300 Index, SSE Corporate Governance Index, FTSE/Xinhua China A50 Index, Dow Jones China 88 Index, SSE Social Responsibility Index, etc.; after its listing on the Stock Exchange of Hong Kong, it was included in the Hang Seng China H-Financials Industry Index, Hang Seng China AH Index Series, Hang Seng Global Composite Index, Hang Seng Composite Index, Hang Seng Composite Industry Indexes — Financial Industry, Hang Seng Composite MidCap Index, Hang Seng China Enterprises Index, Hang Seng Mainland 100 Index, Hang Seng CSI Shanghai-Hong Kong AH Smart Index, SSE SH Equities Index, FTSE China 25 Index, MSCI China Index and other constituent stocks, which greatly enhanced the Company’s image. After the opening of Shanghai-Hong Kong Stock Connect on November 17, 2014, the Company’s stock became the underlying stock of Shanghai Stock Connect and Hong Kong Stock Connect. After the opening of Shenzhen-Hong Kong Stock Connect on December 5, 2016, the Company’s H shares became the underlying stock of Shenzhen-Hong Kong Stock Connect.

(ii) Corporate Governance

As a company listed in mainland China and Hong Kong, the Company operates in strict accordance with the laws, regulations and regulatory documents of listing locations both at home and abroad, and is constantly committed to maintaining and enhancing its good market image. The Company continuously improves the corporate governance structure in accordance with the *Company Law of the People’s Republic of China*, the *Securities Law of People’s Republic of China* and relevant rules and regulations of CSRC. The corporate governance is in compliance with relevant laws and regulations, forming a mutual-separated and mutual-restricted corporate governance structure among the Shareholders’ General Meetings, the Board of Directors, the Board of Supervisors and the management, so that all levels perform their own roles within the scope of their respective duties and authorities, ensuring the standardized operation of the Company.

During the reporting period, in strict accordance with the *Corporate Governance Code* and the *Corporate Governance Report* (hereinafter referred to as “the *Code*”) in Appendix XIV of the Hong Kong *Listing Rules*, the Company fully followed all code provisions in the *Code* and met requirements for the most of recommended best conventional clauses listed in the *Code*.

(iii) Business Performance

In 2018, the total revenue and other income of the Company was RMB51,061 million, including a net profit of RMB9,390 million attributable to shareholders of the parent company. The Company continued to rank first among securities companies in China.

In 2018, the income tax, business tax and surcharges of the Company and its subsidiaries was totaled RMB4,474 million; the Company and its holding subsidiaries (CITIC Securities (Shandong), Jintong Securities, CITIC Futures and China AMC) paid a total of securities and futures investor protection funds of RMB152 million.

In 2018, the Company's earnings per share was RMB0.77, and the social contribution per share¹ was RMB3.35.

The Company's main business kept the first place in the market. The Company's domestic equity business underwriting size amounted to RMB178.3 billion with a market share of 14.75%, ranking the first in the industry; the bond business underwriting size amounted to RMB765.9 billion, with a market share of 5.11%, ranking the first in the industry; the transaction size of domestic merger and acquisition (the channel-type business of the CSRC) amounted to RMB72.3 billion, ranking the second in the industry. The total trading volume of domestic equity funds was RMB11.05 trillion (trading volume of exchange-traded monetary funds exclusive), with a market share of 6.09%, remaining the second in the industry. The AUM was RMB1.34 trillion, with a market share of 10.40%, of which the assets under active management amounted to RMB552.8 billion, both ranking the first in the industry. The balance of margin financing and securities lending, stock pledge and agreed repurchase ranked at the forefront of the industry. The size of exchange, OTC options, structured products and beneficiary certificates under contract amounted to RMB120 billion, remaining the first in the market.

(iv) List of Honors

Awards in 2018

◆ The Company

Issued by: Euromoney

China's Best Investment Bank 2018

Issued by: FinanceAsia

Best Broker, Best Bank of "the Belt and Road", Best Security Underwriter, Best Equity Security Issuer, Best Award for Multinational Merger and Acquisition Trading, Best Award for Corporate Bonds

Issued by: Asiamoney

Best Green Financial Broker

Issued by: National Interbank Funding Centre

Core Dealer, Excellent Dealer in the Bond Market, Excellent Dealer in the Derivatives Market, Outstanding Contribution in Opening Up

Issued by: Caixin Capital Market Achievement Awards for 2017 of Caixin Media

Best Broker in Chinese Domestic Bond Market, Best Underwriter in Equity Capital Markets for Chinese Issuers (In terms of Underwriting Amount), Best Investment Bank in Chinese Market, Best Investment Bank in Financial Institution Industry of Chinese Market, Best Chinese A-Share Capital Market Underwriter, Best Chinese A-Share IPO Underwriter, Best Chinese Green Bond Underwriter, Best Chinese Financial Bond Underwriter

Issued by: New Fortune

Best Local Investment Bank, Best Investment Bank in Equity Underwriting, Best Investment Bank in Debt Underwriting, Best Investment Bank in Merger and Acquisition, Best Investment Bank in Energy Sector, Best Investment Bank in Modern Logistics Sector, Best IPO Investment Bank, Best Investment Bank in Serving Overseas Markets, Best Investment Bank in Aerospace and Military Industry, Best Investment Bank in Finance & Real Estate Industry, Best Refinancing Investment Bank

Issued by: Securities Times

2018 Five-star Green Bond Underwriter in China, 2018 Jun Ding Award for Full-Service Investment Bank in China, 2018 Jun Ding Award for Top 10 Financial Advisors in China, 2018 Jun Ding Award for Asset Management Broker in China, 2018 Jun Ding Award for Equity Investment Team in China

Issued by: Securities Daily

Golden Horse Award in Chinese Securities Market (Award for High Quality Services for Real Economy)

¹ Note: Social contribution per share = earnings per share + value added per share. Value added per share = (tax paid + salaries paid to employees + interest on borrowings paid to creditors + external donations from the Company + securities investor protection funds — other social costs due to environmental pollution) ÷ number of shares.

Issued by: League of American Communications Professionals

2017 Vision Awards Annual Report Competition: 2017 Annual Report Gold Award, Top 80 Annual Reports in Asia-Pacific Region (#57), Top 60 Chinese Annual Reports, Technical Achievement Award

Issued by: Hong Kong Exchanges and Clearing Limited

2017 Top Shanghai Connect Trading Award — Chinese Broker

Issued by: SSE

2017 Investor Education and Protection Series Campaign Contest: I am the Shareholder Organization (Silver)
2017 Outstanding Member in International Market Exploration, Excellent Participant in Product Innovation, Excellent Underwriter of Local Government Bonds

Issued by: SAC, China Futures Association

Outstanding Contribution Award for Poverty Alleviation; Excellent Award for Financing of Poverty Alleviation, Project Award for “One Company to One County” Poverty Alleviation, Best Project Award for IPO Financing for Enterprise Serving in Poor Region

Issued by: SZSE

Excellent Innovation Institution for Fixed Income Business, Outstanding Underwriter Award in Interest Rate Bonds

Issued by: China Development Bank

Excellent Underwriter, Excellent Market Maker, Financial Bond Innovation Award

Issued by: Center for Bank Credit Assets Registration and Transfer

Professional Service Award for Credit Assets Registration and Transfer Business

Issued by: China Foreign Exchange Trade System

Best Participating Dealers of Bond Connect

Issued by: ChinaBond Financial Pricing Center

Outstanding Contribution Award for Innovation of ChinaBond Financial Pricing Center Limited Company

Issued by: China Central Depository & Clearing Co., Ltd.

Outstanding Underwriter Award, Best Contribution Underwriter Award of Local Municipal Bonds (non-bank institutions), Outstanding Underwriter in Aligned Bonds of ChinaBond Green Bond Index

Issued by: China Financial Futures Exchange

Best Contribution Award for Treasury Bonds and Futures in Five Years

Issued by: China Securities Journal · jnlc.com

Three-Year Golden Bull Broker's Collective Asset Manager, Three-Year Golden Bull Broker's Collective Asset Management Plan, 2017 Golden Bull Broker's Collective Asset Management Plan

Issued by: Chinafund News

Chinese Best Asset Management Broker, Fixed-income Award for Chinese Asset Management Broker, Equity Award for Chinese Asset Management Broker, Asset-backed Security Award for Chinese Asset Management Broker

Issued by: China Asset Securitization Research Institute

Huijing Award — Best Research Institution

Issued by: Caixin Insight

Caixin Capital Market Achievement Award for 2018: Best Chinese Broker in Domestic Bond Market, Best Investment Bank of Chinese Market, Best Investment Bank of Financial Institution Industry in Chinese Market, Best Corporate Bond Underwriter in China, Best Asset Securitization Underwriter in China

Issued by: Agricultural Development Bank of China

Outstanding Broker, Best Broker Institution Award

Issued by: Futian District Government of Shenzhen

Top 100 Enterprise Taxpayer

◆ **CLSA**

Asiamoney Brokers Poll 2018

Issued by: Asiamoney

No. 1 Overall Combined Regional Research & Sales (Asia, Ex Australia, China A&B, Japan), No. 1 Overall Combined Research & Sales in Australia, No. 1 Overall Combined Research & Sales in Japan, No. 2 Overall Combined Research & Sales in China (A & B Shares), No. 1 Overall Regional Research As Voted By Most Active Traders (Asia, ex Australia & Japan), No. 1 Overall Regional Research (Asia, ex Australia & Japan), No. 1 Overall Regional Sales As Voted By Most Active Traders (Asia, ex Australia & Japan), No. 1 Overall Regional Sales (Asia, ex Australia & Japan)

Awards in Asia (Excluding Japan):

Research : No. 1 Best Strategist, No. 1 Best Economist (Best Quantitative), No. 1 Technical Analyst (Best Quantitative), No. 2 Technical Analyst, No. 1 Best Analyst for Automobiles & Components, No. 1 Best Analyst for Banks, No. 2 Best Analyst for Casinos & Gaming, No. 1 Best Analyst for Consumer Discretionary, No. 1 Best Analyst for Consumer Staples, No. 1 Best Analyst for Industrials, No. 1 Best Analyst for Diversified Financials, No. 2 Best Analyst for Energy, No. 1 Best Analyst for Healthcare, No. 1 Best Analyst for Insurance, No. 3 Best Analyst for Materials, No. 1 Best Analyst for Real Estate, No. 1 Best Analyst for Semiconductors & Semiconductor Equipment, No. 1 Best Analyst for Software & Internet Services, No. 2 Best Analyst for Technology Hardware & Equipment, No. 3 Best Analyst for Telecommunication Services Rank, No. 3 Best Analyst for Transportation

Sales: No. 3 Regional Best Overall Services to Hedge Funds, No. 3 Regional Best Overall Services in Prime Broking, No. 1 Best Regional Salesperson, No. 2 Best Regional Salesperson No. 3 Best Regional Salespersons, No. 3 Best Regional Sales Trader

Japan:

Research: No. 1 Best for Overall Country Research, No. 1 Best Strategist, No. 1 Best Economist, No. 1 Best Analyst for Banks, No. 1 Best Analyst for Consumer Discretionary, No. 1 Best Analyst for Consumer Staples, No. 1 Best Analyst for Industrials, No. 1 Best Analyst for Energy, No. 1 Best Analyst for Healthcare, No. 1 Best Analyst for Insurance, No. 1 Best Analyst for Semiconductors & Semiconductor Equipment — Claudio Aritomi, No. 1 Best Analyst for Technology Hardware & Equipment

Sales: No. 1 Best Overall Sales Services, No. 2 Best Country Salesperson, No. 1 Best Country Sales Trader

Australia:

Research: No. 1 Best For Overall Country Research, No. 1 Best Strategist, No. 1 Best Analyst for Small Cap, Best Analyst for Banks, Best Analyst for Casinos & Gaming, No. 1 Best Analyst for Consumer Discretionary, No. 1 Best Analyst for Consumer Staples, No. 1 Best Analyst for Industrials, No. 1 Best Analyst for Diversified Financials, No. 1 Best Analyst for Energy, No. 1 Best Analyst for Healthcare, No. 1 Best Analyst for Materials, No. 1 Best Analyst for Real Estate, No. 1 Best Analyst for Software & Internet Services, No. 1 Best Analyst for Technology Hardware & Equipment, No. 1 Best Analyst for Telecommunication Services, No. 1 Best Analyst for Transportation, No. 1 Best Analyst for Utilities

Sales: No. 1 Best Overall Sales Services, No. 1 Best Country Salesperson, No. 1 Best Country Sales Trader

Issued by: Finance Asia

Country Awards for Achievement 2018

Awards in Hong Kong: Best investment bank in Hong Kong amongst Chinese Financial Institutions, Best broker in Hong Kong amongst Chinese Financial Institutions

Issued by: The Asset

The Asset Triple A Country Awards 2018:

China:

Best equity-linked in China: China Shipbuilding Industry Corporation zero-coupon US\$1 billion exchangeable bond into Postal Savings Bank of China shares (CLSA as one of the global coordinators and bookrunners)

Best bank capital in China: China CITIC Bank International US\$1.8 billion multi-tanche senior bond (CLSA as one of the global coordinators)

Indonesia:

Best high yield bond in Indonesia: Medco Energi US\$500 million senior notes (CLSA as one of the Bookrunners)

The Phillipines:

Best FIG bond in the Phillipines: Security Bank US\$300 million senior unsecured notes (CLSA as one of the lead managers and bookrunners)

Bangladesh:

Best M&A in Bangladesh: Shenzhen Stock Exchange and Shanghai Stock Exchange US\$119 million acquisition of a 25% stake in the Dhaka Stock Exchange (CLSA as the sole financial advisory)

India:

Best IPO in India: HDFC Standard Life Insurance US\$1.3 billion IPO (CLSA as one of the global coordinators, bookrunners and lead managers)

Best new bond in India: YES Bank US\$600 million fixed rate notes (CLSA as one of the bookrunners and lead managers)

◆ **CITIC Securities (Shandong)**

Issued by: SSE

2017 Investor Education and Protection Series Campaign Contest: I am a Shareholder Organization Award (Gold), Most Creative Award (Bronze)

◆ **GoldStone Investment**

Issued by: China Securities Journal

Golden Bull Broker's Equity Investment Institutions

Issued by: Zero2IPO Group

No. 17 2018 Top 50 Best Private Equity Investment Institutions in China (No. 1 in securities industry)

◆ **CITIC Futures**

Issued by: Dalian Commodity Exchange

2017: Outstanding Member (Gold), Best Industry Service Award, Best Agricultural Product Service Award, Best Industry Exploration Award, Best Industrial Service Award, Best Innovative Service Award, Best Technical Support Award, Best Institutional Service Award

Issued by: China Financial Futures Exchange

2017: Platinum Award, Product Development Award (Stock Index Futures, Treasury Bonds and Futures), Technology Management Award

Issued by: Shanghai Futures Exchange

2017: Top 30 Outstanding Members, Industry Service Award (bronze, fuel oil, asphalt, zinc, lead, steel, tin, gold, silver, aluminum, natural rubber, nickel), Excellent Member in Industry Service

Issued by: SAC, China Futures Association, Security Times

2018 China Securities and Futures Outstanding Poverty Alleviation Innovation Award

Issued by: Futures Daily, Securities Times

Best Futures Company in China, Best Service Award for Commodities Futures Industry, Best Service Award for Financial Futures, Best Targeted Poverty Alleviation Commonwealth Award, Best Asset Management Business Award, Best Futures Private Equity Incubation Award, Annual Best Investment Education Work Award, Best Futures IT System Construction Award, Best Futures Derivatives Innovative Business Development Award, Best Integrity and Self-discipline Futures Company, Best Branding Promotion Award, Most Popular Public Account for Futures Institutions, Best Risk Management Subsidiary Award (CITIC Securities Capital Management Co., Ltd.), Best Overseas Futures Business Service Award (CITIC Futures International Co., Ltd.), Best Futures Operation Branch in China (CITIC Futures South China Branch Office), Excellent Futures Asset Management Product of the Year Award (CITIC Wings — Guodao Ruijin No. 1), China Golden Futures Research Institute (Research Consulting Department of CITIC Futures)

◆ **China AMC**

Issued by: Asia Asset Management

Best China Fund House

Issued by: Chinafund

Top 10 Fund Companies in Product Innovation, Best Index Quantitative Innovative Product Award, Best Overseas Cross-border Innovative Products Award, Best Alternative Portfolio Innovative Product Award, Top 10 Best Fund Managers, Best Active Equity Fund Manager, Best Index and Quantitative Fund Manager

Issued by: National Business Daily

Best Corporate Annuities Management Fund Company, Most Competitive Fund Company, Best Team for Overseas Investment Research, Best Equity Products

Issued by: Shanghai Securities News

Golden Fund TOP Fund Company Award for the 20th Anniversary of Public Funds, ChinaAMC CSI 300 Index ETF — The 15th Golden Fund — Index Fund Award (One-year), ChinaAMC SSE 500 Index ETF — The 15th Golden Fund — Index Fund Award (Three-year)

Issued by: China Securities Journal

The Outstanding Contribution Enterprise in China's Fund Industry in 20 Years, Golden Bull Award for Passive Investment Fund Managers

III. Social Responsibility Management System

(i) Concept of Social Responsibility

CITIC Securities' development vision and philosophy is to strive to enhance global asset allocation capability, global business layout capability and global customer service capability, continuously improve the management both inside and outside of China and strengthen international talent training, thereby striving to build a domestic and international top-ranking Chinese investment bank mostly trusted by customers in the world. While seeking the development of the enterprise itself, the Company practices social responsibility by focusing on service, employees, environment and community.

Service

- Enhance business diversification and serve the real economy;
- Focus on customers and grow with them;
- Operate in compliance with the regulations, strictly control risks and strengthen corporate supply chain management and anti-corruption management.

Employees

- Adhere to the strategy of talent-based enterprises with people-oriented and market-oriented management;
- Actively provide jobs for the society and protect the legitimate rights and interests of employees in accordance with laws;
- Adhere to the principle of fairness and impartiality, hiring employees based on job qualifications, and providing fair opportunities in position appointment, promotion, remuneration and welfare benefits, development and training;
- Provide employees with a healthy and safe working environment.

Environment

- Practice the concept of green development in China and adopting various energy conservation and emission reduction measures to achieve green office;
- Advocate environmental behaviors and raising public awareness of environmental protection.

Community

- Actively carry out targeted poverty alleviation work and giving back to the society in various ways;
- Encourage and support employees to contribute volunteer services to public welfare undertakings.

(ii) Social Responsibility Management Framework

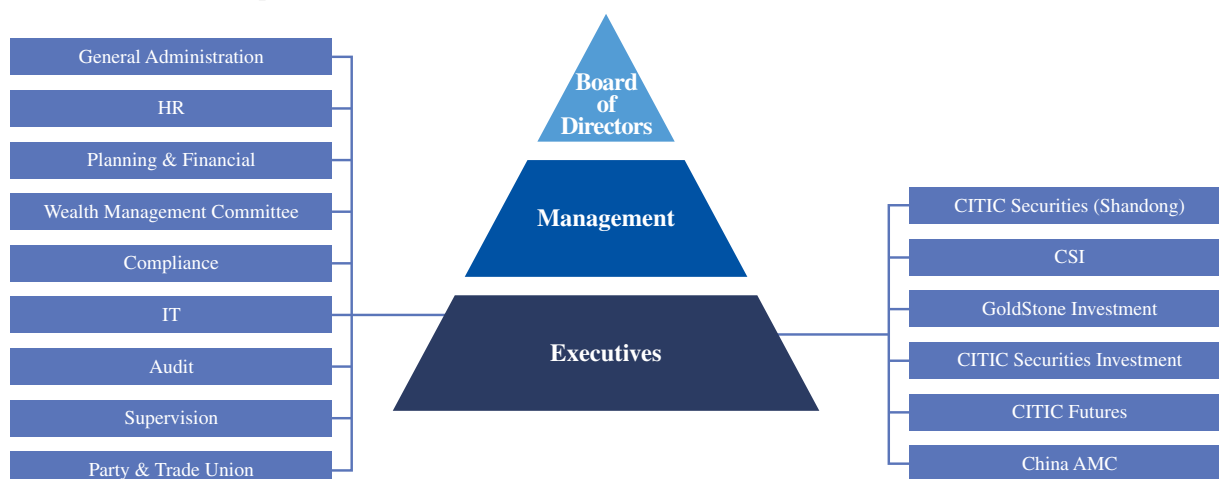
The Company incorporates the concept of social responsibility into all aspects of its daily operation, establishes a social responsibility management framework, and continuously promotes the integration of social responsibility concept and its own business development, so as to put social responsibility into practice.

- **Board of Directors:** As the decision-maker of social responsibility management framework, the Board of Directors of the Company is responsible for the formulation of overall social responsibility strategy and the decision-making management of significant events.
- **Management:** The management of the Company is responsible for planning and implementing the social responsibility strategy, managing the social responsibility performance of relevant departments and subordinate branches and subsidiaries, and reporting to the Board of Directors on social responsibility work.

- Executives: The relevant departments, branches and subsidiaries of the Company are the executors of the Company's social responsibility work, and cooperate with the management to complete the tasks related to social responsibility management.

CITIC Securities Headquarters

CITIC Securities Subsidiaries

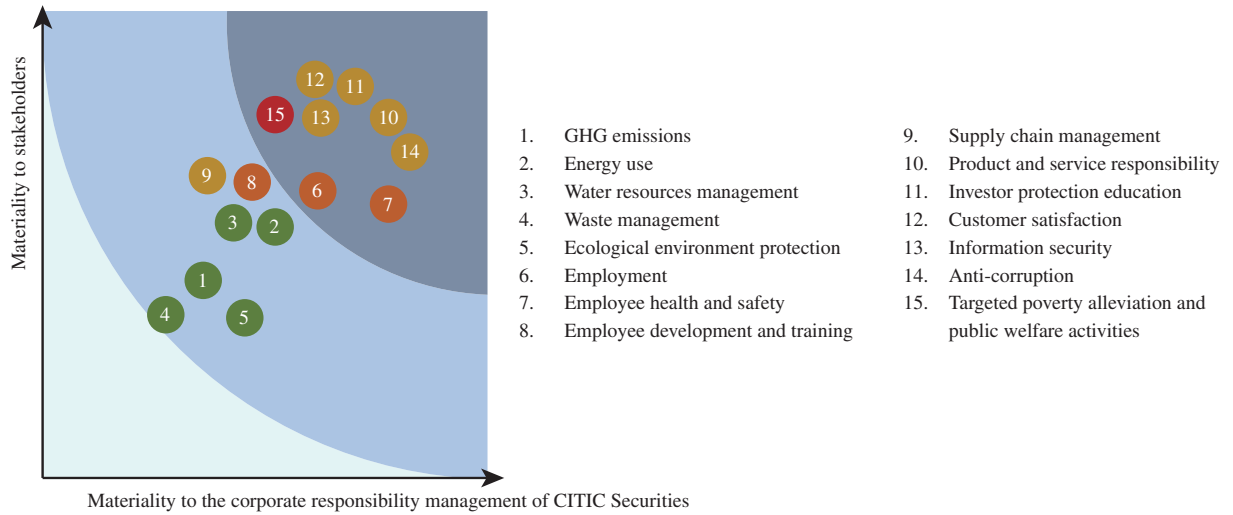


CITIC Securities Social Responsibility Management Framework

Based on the characteristics of actual business and management operation, the Company identifies key stakeholders including shareholders and investors, governments and regulators, employees, suppliers, customers, partners, communities and the public. In order to ensure that the information between the Company and various stakeholders can be timely and effectively communicated, the Company establishes and continuously improves the communication mechanism. In 2018, the key stakeholders identified and the key issues concerned by the Company are listed in the table below.

Key stakeholders	Major communication channels	Key issues concerned
Shareholders and investors	Shareholders' general meetings, corporate annual report, telephone, email, network platform, visitor reception, and participation in investor meeting	Profitability Business strategies Transparency of information disclosure
Governments and regulators	Major conferences, policy consultations, incident reporting, institution investigation and official correspondence	Compliance operation Corporate governance Targeted poverty alleviation
Customers	Customer visit, satisfaction survey and customer complaint hotline	Quality of service Information security
Employees	Employee suggestion box, labor union, employee satisfaction survey, employee activities	Remuneration and welfare benefits Development and training Working environment
Suppliers	Supplier investigation, communication conferences	Fair cooperation Integrity and performance
Partners	Communication conferences	Fair cooperation Integrity and performance Joint development
Communities and the Public	Public welfare activities, community interaction, corporate recruitment talks and internship opportunities	Community relations Employment promotion Public benefits and charities

Through the above channels, the Company communicates with key stakeholders effectively to understand their feedback on key issues of social responsibility. In addition, the Company conducted a stakeholder questionnaire survey in 2018 to identify key issues concerned by key stakeholders as a focus of corporate actions and reports. The Company's identification and analysis of key issues of social responsibility are listed in the matrix below.



IV. SERVING THE SOCIETY

Based on its own business characteristics, the Company actively carries out businesses and manages to seek financing by listing on the market, improves the corporate governance structure, accelerates its own development, promotes cross-border capital flow in China and bolsters the healthy and stable development of Chinese capital market, through provision of professional financial services such as underwriting, corporate merger and acquisition, financial advisory service, capital agency, asset and fund management.

Apart from creating economic value for shareholders and increasingly diversifying wealth management function, the Company constantly promotes the development of the entire industry, supports the construction of “Belt and Road” Initiative, facilitates the private economy, serves agriculture, rural areas and farmers, and actively issues green bonds. The Company pursues mutual development of enterprises and the society by fulfilling the duties of serving the society, while achieving the Company’s own development.

(i) Offering Return to Shareholders

The Company discloses authentic, accurate and complete information to shareholders in an active and open manner. In addition to the information disclosure channels required by law, the Company mainly communicates with investors through phone calls, E-mails, online platforms, visitor reception, investor meetings and other channels to ensure that all shareholders, especially small and medium-sized shareholders, can fully exercise their rights.

The Company determines the profit distribution plan in strict accordance with the relevant provisions of the profit distribution policy in the *Articles of Association of the Company*. Since its establishment, the Company has distributed cash dividends every year. In 2018, the Company’s cash dividends accounted for more than 30% of the net profit attributable to the parent company’s shareholders, which is in line with relevant regulatory requirements and the Company’s profit distribution policy.

(ii) Diversifying Wealth Management Function

The Company’s asset management includes collective asset management, directional asset management (including enterprise annuity investment management, national social security fund share transfer management, national social security fund domestic investment management, basic pension fund investment management, etc.), special asset management, investment advisory management, etc. At present, there are thousands of companies to which the Company provides enterprise annuity investment management services, and the Company continues to serve as the national social security fund share transfer manager, the national social security association domestic investment manager and the investment manager of the basic pension fund.

As the domestic capital market is opening up at a faster pace, the Company has established complete cross-border QDII² lines of products and businesses, encompassing overseas or cross-border asset management business tailored for customers with customized investment strategy and product plan, separate accounts, exclusive investment team, and other holistic and diversified financial services that meet the personalized needs of customers.

(iii) Contributing to the Development of the Industry

The Company actively cooperates with China Securities Regulatory Commission and China Securities Depository and Clearing Co., Ltd. to promote the pilot project of “Full Circulation” of H shares, which solves the long-standing problems in the mechanism of H-share market, such as the equity structure, share circulation and market value, explores the new foreign exchange management mode in the capital market, and further consolidates the foundation for the long-term development of the Hong Kong stock market and H-share listed companies.

At the same time, the Company pioneers the operation mode of “Trading and Settlement by Brokers + Custody by Banks” for public offering fund, which serves as a trial for industry reform and a reference for the future development of the market. As a trading and settlement broker of public funds, the Company provides high-quality services for public funds in terms of program declaration, product sales, trading support, settlement operation and information security, so as to guarantee the successful sale and normal operation of fund clients’ products. Under the new model, the securities trading activities of public offering funds are fully integrated into the unified management of the brokerage business framework of securities companies. The new model realizes multi-dimensional and integrated active management and risk control on an all-business, all-process and all-cycle basis, at the account, transaction, settlement and data level, and fully implements the requirements of regulators for regulating the operation of capital market, maintaining market order and preventing market risks.

² QDII: Qualified Domestic Institutional Investor refers to an institutional arrangement established within a country upon the approval of relevant authority of the country that enables domestic institutions to invest securities products such as stocks and bonds on a controlled basis without RMB capital account convertibility and an opened capital market.

In 2018, the Company was appointed as a member of the first Finance and Accounting Committee by the Securities Association of China (hereinafter referred to as the “SAC”). The Company diligently and conscientiously fulfilled its obligations as a member. During the period of soliciting opinions on various standards, new regulatory rules and industry guidelines, the Company actively offered suggestions and made the industry heard, actively participated in the training and seminars organized by the SAC on new standards for financial instrument, new third market stock valuation methods, financial informatization construction, etc., and repeatedly served as the main member of the author team of valuation and impairment guidelines under new standards, delivering lectures on the valuation methods of non-listed shares. At the same time, the Company was identified by the Ministry of Finance of the People’s Republic of China as the designated contact unit for accounting standards and accounting informatization in financial and insurance industry, among which the Company is the only security broker. The Company was also appointed as the deputy secretary general unit by the Banking Accounting Society of China under the People’s Bank of China to assist it in promoting the coordinated development of financial accounting theory and practice.

(iv) Supporting the “Belt and Road” Initiative

In order to implement the guiding principles of the 19th National Congress of the Party, promote the capital circulation of “Belt and Road” Initiative, and give play to the supporting role of the exchange bond market in pursuing the “Belt and Road” Initiative, the Shanghai Stock Exchange carried out the “Belt and Road” bond pilot program in 2018. The Company actively responded to the “Belt and Road” bond pilot program and acted as the lead underwriter to underwrite the 2018 corporate bonds (phase II) issued by China Triumph International Engineering Co., Ltd. for the “Belt and Road” Initiative.

(v) Upholding the Private Economy

The Company actively responds to the proposal made by the PBOC, CBIRC and CSRC on “helping promising but temporarily troubled listed companies to ease the plight of stock pledge”, and proposes ways and means to resolve the risk of stock pledge, improve the risk management level of stock pledge financing business and support the high-quality development of the private economy. In 2018, the Company launched multiple asset management plans of “securities industry supporting the development of private enterprises”.

In November 2018, Xiamen Jinyuan Investment Group Co., Ltd. successfully issued the 2018 special bailout bonds (the Phase I), which was led and underwritten by the Company, as the first special bailout bonds in Shenzhen Stock Exchange and the first special bailout bonds of Fujian Province. The fund raised from the special bonds of this bailout was intended to be used to set up a special equity investment fund in Xiamen to help the actual controllers of A-share listed companies to solve the liquidity problems caused by stock pledge, stabilizing the development of private enterprises.

(vi) Serving the Agriculture, Rural Areas and Farmers

The Company actively responds to the national “Rural Service Strategy”, performs the social responsibility of serving the substantial economy by finance, gives full play to the advantages in product design and transaction pricing, and plays a positive role in the protection of agricultural product prices. In 2018, the Company cooperated with several large domestic insurance companies to jointly provide price protection for more than RMB200 million of agricultural products. For example, the egg price insurance project for Henan Xuchang hen farmers involved 106 chicken farms, 1.2 million plumage hens and 6,000 tons of eggs. The rubber price insurance project for Menghai County in Xishuangbanna Dai Autonomous Prefecture of Yunnan Province benefited 360 registered poor households and guaranteed 4,000 mu of rubber. Price insurance project for Shaanxi Fuping apple farmers provided a premium of RMB100,000, benefiting more than 20 rural households.

(vii) Issuing Green Bonds

The Company actively supports projects related to the green industry and assists a number of financial and non-financial enterprises to issue green finance bonds. The funds raised are all used for green industry projects in accordance with the provisions of laws and regulations and the approval of regulatory authorities.

In 2018, the Company continued to serve as the core lead underwriter, issuing two of China’s largest green corporate bonds for the Three Gorges Corporation, totaling RMB7.5 billion. The funds raised were used for the two giant hydropower projects in Wudongde and Baihetan, which had comprehensive utilization benefits such as flood control, irrigation and power generation, attracting great attention from the market. Important achievements in promoting green development of the real economy through financial means have important economic, social and environmental effects, benefiting the national economy and people’s livelihood.

V. PRODUCT RESPONSIBILITY

CITIC Securities always adheres to the concept of creating value for customers and growing together with customers. All business lines work closely together to meet the diversified needs of customers and provide customized products.

(i) Improving the Quality of Products and Services

The Company always insists on providing customers with quality services and abides by laws and regulations such as the *Securities Law of the People's Republic of China*, the *Compliance Management Measures of Securities Companies and Securities Investment Fund Management Companies*, and the *Appropriateness Management Measures of Securities and Futures Investors*. Such laws and regulations, with a significant impact on the Company's compliance operation, require the Company to operate in compliance, perform duties diligently and adhere to the principle of putting customers' interests first. To assure consistent service quality and standards, the Company has put in place a set of rules, processes and standards governing business activities of brokerage branches and compiled the *Collection of Business Rules and Processes for Business Units*, covering areas such as customer services, branches management and performance management.

The Company's centralized customer service center has set up three sub-centers in Qingdao, Hangzhou and Xi'an respectively, providing investors with all-round standardized business operation services such as online business handling, securities trading consulting and customer feedback collection. Relying on the powerful information resources and research and development advantages of CITIC Securities, the centralized customer service center constantly optimizes industry-leading customer voice and online interactive platform, continues with business innovation, and creates an outstanding online business execution center in the securities industry.

In 2018, the Company established a comprehensive customer complaint mechanism, which follows the principle of centralization of management, convenience for customers, timely and proper handling, and protection of customers' legitimate rights and interests. The Company assigns special personnel to deal with customer complaints, specifies the responsible departments and persons for complaints handling, files the complaints after closure, conducts regular inspection, and includes the assessment of the handling of customer complaints into the Company's compliance assessment system, and rewards and punishes the staff according to relevant measures.

In addition, the Company also carries out a series of measures to improve customer service. For example, the Company enriches the types of off-site business handling, adds new functions related to off-site business account non-critical information maintenance and tax-related information maintenance to make it convenient for customers; optimizes certain account business forms and processes to optimize business processes and improve work efficiency; enables the counter staff comprehensive business platform to reduce the cost of learning counter business and improve the efficiency of business acceptance; improves the identification processes of foreigners and Hong Kong, Macao and Taiwan customers to further clarify the identity of customers.

(ii) Protecting Privacy

Privacy protection is an important issue of corporate product responsibility. The Company strictly abides by the *Securities Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of the Rights and Interests of Consumers* and other relevant laws and regulations. Such laws and regulations, with a significant impact on the privacy protection of customers, require the Company to keep confidential the accounts opened by customers according to law. The Company sets out clear rules on the protection and non-disclosure of client information in *Client Account Business Rules and Operational Guidelines*, the *Implementation Rules on Investor Suitability Management in Brokerage Business (Trial)*, and the *Implementation Rules on Video and Sound Recording in Investor Suitability Management in Brokerage Business (Trial)*. Unless otherwise required by the laws, regulations and self-discipline rules, disclosure to any external party is prohibited and such information and data must not be divulged or misused. Moreover, the Company has specified administrative measures and rules in relevant systems such as access control over the counter trading system and client files management system, in order to implement confidentiality requirements for client data and information.

The Company has established an information security management system. To further strengthen the control of information security, the Company has revised internal rules such as the *Information System Operation Management Rules*, the *Emergency Measures for the Information System*, the *Business Continuity Management Rules*, the *Information System Data Management Rules*, the *Information System Asset Management Rules*, the *Information System Procurement Management Rules*, and the *Information Security Management Rules*. The Company has also newly issued the *Rules for Information Security Management of Trading and Settlement Modes of Public Offering Fund Securities Companies* to strengthen the information security of the Company at the system level.

By clearly defining its information security policies as "Prevention First, Classified Protection, Common Engagement and Continual Improvement", the Company has realized the dynamic closed-loop management encompassing physical security, cyber security, host/terminal security, application security and data security, applied the principle of attaching

equal importance to technologies and management, and enhanced company-wide information security. Effective control at both the application system level and the terminal level is deployed to protect client information. Combined with efforts to improve security awareness, the company has been able to protect clients' rights and interests effectively.

In 2018, the Company improved the desensitization mechanism of data transfer from production to test environment, effectively protecting customer privacy data. At the same time, the security group implemented USB-write ban strategy for specific departments and specific groups of employees, and deployed network data leakage protection monitoring system, IM monitoring system and network behavior monitoring tools. Among them, the network data leakage protection monitoring system is used to monitor and audit the leakage of customer information and other sensitive data; IM monitoring tool audits the chat log of specific business departments; and the network behavior control tool can record and audit the Company's employees' access to the Internet mailbox, thus realizing the full coverage of the Company's business behavior audit. In addition, the Company also established a sensitive research and development domain, to ensure that the source code cannot be accessed by the desktop terminal access, effectively protecting the Company's information security.

(iii) Protecting Intellectual Property Rights

The Company abides by the *Advertising Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and other laws and regulations related to intellectual property. Such laws and regulations prohibit the Company from infringing the exclusive right to use a registered trademark of a trademark registrant or infringing the copyright of a copyright owner, bringing a significant impact on the Company's intellectual property protection. The Company has formulated relevant management measures for its trademark and copyright protection, such as the *Trademark Management Measures (Trial)* and the *Copyright Management Measures (Trial)*. The aforementioned management measures clearly stipulate the administrative departments and responsibilities of relevant intellectual property rights, as well as the ownership, exercise and protection of rights and interests, and specify the legal departments to supervise the implementation of the actual management. When the rights and interests of the Company are infringed, the legal department of the Company will safeguard the Company's legitimate rights and interests in accordance with relevant national and local laws and regulations.

In 2018, the Company registered 21 computer software copyrights, including its automated trading platform, fixed income quantitative analysis system, ECIF client information system, market risk measurement system, PE fund manager self-service cloud platform, custody online banking system, research service system, third-party payment system, and market data service system.

(iv) Strengthening Investor Education

In the process of implementing service management, the Company hopes to make greater contributions to social investors and better fulfill its corporate social responsibility by provision of enterprise services.

In 2018, the Company launched several investment knowledge spreading campaigns. In the "Rational Investment Starts From Me" activity organized by SAC and Shenzhen Administration of CSRC, the Company organized branches and business departments to take the opportunity of "World Consumer Rights Day" on March 15 to conduct online and offline publicity. Based on positive guidance, the Company avoids negative impact on the market, focuses on market hot spots and issues concerned by investors, and guides investors to correctly understand the capital market through knowledge popularization, risk tips and publicity and adhere to the philosophy of long-term investment, value investment and rational investment. Such activities have witnessed remarkable results, including:

- 1,916,517 text messages were sent to clients to introduce the activity of "Rational Investment Starts From Me";
- 9,980 copies of pamphlets named "*Rational Investment Starts From Me*": *Case Collection of Knowledge Spreading and Protection for Investors* were printed;
- 221 banners were made and 235 posters were posted;
- A total of 250 on-site special promotional activities were attended by a total audience of 5,680 people;
- The official WeChat account posts titled "3 Indicators of 'III' Listed Companies", "The Astonishing Truth Behind CSRC's RMB5.67 Billion Fine" and other articles for publicity and knowledge spreading, were read by about 151,026 persons.

The Company's various business services are also scrutinized and evaluated by all sectors of the society. On February 1, 2018, the Company won the 2017 annual "Outstanding Securities Company in Investor Survey" award granted by China Securities Investor Protection Fund. On July 20, 2018, the Company's Beijing Anwai Street Securities Business Department, Song Lei from Guangdong Branch, and Chen Wenting from Shanghai Hengfeng Road Securities Business Department were selected by the Shanghai Stock Exchange as winners of the "Top 100 Investment Knowledge Spreading Pioneers of 2018".

Case 1:

In the second half of 2018, the Company assigned Shenzhen Branch a variety of on-line and off-line investment knowledge spreading special activities of “Know the Risks, Make Wise Choices, Enjoy the Elder Life” to actively guide the elderly investors to establish a rational investment philosophy. The staff of the branch introduced investment risks to the elderly investors who were dealing with their investments on site so as to improve their ability to tell the illegal securities. At the same time, branches in Shenzhen area, together with other organizations, such as the community and sub-district offices, reached out to dwellers in those communities and held more than 10 publicity activities, attended by more than 270 persons.



Case 2:

In order to enrich the forms of investor knowledge spreading and protection, in 2018, CITIC Securities (Shandong) produced a variety of relevant products, with more than 10 original works. The animation “The Departed” designed by employees, the employee-made mini-movie “Perfect Investors”, the employee-drawing cartoon “Mr. Money Egg Pancake Business” etc. were highly spoken of.



VI. ANTI-CORRUPTION

(i) Anti-Money Laundering

The Company complies with the *Anti-Money Laundering Law of the People's Republic of China*, the *Management Measures for Reporting of High-value Transactions and Suspicious Transactions in Financial Institutions*, the *Provisions on Anti-Money Laundering of Financial Institutions* and other laws and regulations. Such laws and regulations require companies to take lawful prevention and monitoring measures, to establish a sound system of client identification, the system of client information and transaction records keeping, the system of high-value and suspicious transactions reporting. Such laws and regulations also require companies to take anti-money laundering obligations among financial organizations. Taking into account the changes of relevant regulations and the needs of the Company's business operations and management, the Company carries out and improves the anti-money laundering work by addressing the problems found in daily compliance management and law enforcement inspection by regulatory agencies.

In 2018, the Company revised certain internal rules and norms according to the anti-money laundering regulatory focus, and the Company modified the *Explanations for Anti-Money Laundering Client Identification and Risk Management Guidelines*, the *Internal Control Guidelines on Anti-Money Laundering in Brokerage Business*, and the *Explanations for Anti-Money Laundering Client Identification and Risk Management Guidelines in Brokerage Business*. The Company also newly drafted the *Provisions on Sanctioned Businesses* and the *Internal Rules for Precious Medal Anti-Money Laundering in Brokerage Business*. The Company established a layered anti-money laundering system and management process with the *Anti-Money Laundering Management Measures* as the main part and various supporting systems as the supplement. This system covers the anti-money laundering work of different business lines of the Company, and provides compliance guidance for all departments, business lines and branches of when carrying out relevant business.

In 2018, the Company continued to improve the anti-money laundering system through evaluating and adjusting the monitoring logic, monitoring model and threshold of suspicious transactions, so as to improve the measurement and trigger mechanism of customers' money laundering risk factors. Meanwhile, new functions such as customer identity information monitoring and processing alert have been developed to improve the effectiveness of branches in fulfilling anti-money laundering obligations such as customer identity identification, customer identity data record-keeping and suspicious transaction investigation and screening.

Shanghai and Shenzhen Stock Exchange issued the *Notice on Strengthening the Management of Key Monitored Accounts* to accommodate the monitoring and supervision system adaptive to the development of the market regulation, and to conduct real-time monitoring of the securities and exchange activities. The departments of the Company actively meet the Stock Exchange's requirements of supervising the monitored accounts, and actively plan to establish monitored accounts supervision system, in strict accordance with the regulatory requirements when confirming the filtering logic for data in abnormal activities monitoring system. Regular inspection of unusual businesses such as juveniles account opening, ID card expiration, and multiple accounts are owned by one customer. Through the internal management processes, the information can be sent to branches for investigation and management, through which the Company earnestly implements regulatory requirements of "being lawful, comprehensive and strict". The Company establishes and promotes a trading behavior regulatory mode that "focuses on member supervision", and gives full play to the role of members in managing customer's account and trading behavior, through which the Company takes responsibility of fighting against illegal and criminal behaviors in the financial industry.

(ii) Upholding Integrity

The Company always advocates honesty and self-discipline among employees, attaches great importance to the construction of honesty and integrity, and deeply recognizes that honesty and integrity are valuable intangible assets of the Company. "Observation of the law, honesty and integrity" is the Company's staff code of conduct, which is also the professional ethics staff should uphold. In order to better uphold integrity, the Company has formulated specific requirements and guidelines in many documents and systems. Meanwhile, the Company has recognized and observed disciplinary rules, such as the *Several Rules on Honest Practices of Leaders of State-owned Enterprises*, the *Rules on Leaders' Reporting of Personal Matters*, the *Opinions on Driving State-owned Enterprises to Carry out Rules on Decisions on Important Matters, Important Leading Role Appointments and Dismissals*, the *Important Project Arrangements and Use of Significant Fund*, and the *Regulations on the Integrity of Securities and Futures Operation Institutions and Employees*, and always complied with the requirements of the CPC Central Committee, the State Council and the CSRC for honest practices of the industry and jobholders.

In 2018, the Company strictly implemented the *Measures for Addressing Non-compliances and Malpractices of the Staff* to better fulfill honest practices and punish non-compliances and malpractices. The Company also formulated and issued *Honest Working Regulations* and *Honesty and the Self-Discipline Management Regulations* to make clear requirements to employees that deal with the commercial secrets, professional ethics, family members and stakeholders avoidance, prevention of commercial bribery, financial discipline, etc. and made clear and detailed requirements of the prohibited

behavior in various business activities. At the same time, the Company included the observation of the law, integrity, honesty and other professional ethics compliance of the staff into the scope of monitoring in the *Compliance and Supervision Inspection Rules*.

In 2018, the Company strengthened the monitoring and management of employees' practice behaviors, stressed serious accountability against employees who violate rules and disciplines, and enhanced the atmosphere of honest practices. In addition to the special mailbox set up by the discipline inspection commission and supervision department (in terms of relevant regulations, with the approval from board members, the Company revoked the discipline inspection commission and supervision department, which responsibilities and personnel were taken by disciplinary committee office. Human Resource department has taken investigation and mandating employees who violated the Company's internal regulations by supervision department was responsible for originally), the Company has also set up a special email box to further enlarge the channel for anti-corruption supervision and whistle-blowing. In order to improve the supervision and restriction mechanism, advocate the construction of anti-corruption, and expand promotion and education of integrity, the discipline inspection commission of the Company has constantly improved the organization construction and team construction, regularly inspected its subordinate commissions, guided the investment bank management committee to set up the department of supervision, formulated the *Discipline Inspection Rotational Work Management Rules*, and explored new methods of discipline inspection team construction. The Company detects employees' securities investments, attendance, part-time jobs, etc. through the system. Employees who violate the law and rules, severely or not, will be punished according to the rules.

In addition, the Company also sets up and launches online learning courses and conducts compliance testing and integrity warning education for all employees. The Company organizes and carries out the Party class for special topics, and delivering lectures on *the Anti-Corruption Situation and Requirements*, carries out online testing about the new revision of the *Regulations on the Disciplinary Action of the Communist Party of China*, holds warning education conference, and publicly criticizes employees' incompliance cases in recent years. The Company publishes supervision updates through a variety of channels including the corporate network, electronic journals, and WeChat official account, criticizes violations of integrity requirements, organizes the new leaders to attend anti-corruption themed talks and sign the *Integrity Pledge*, so as to build an environment of knowing the discipline, respecting the boundaries, understanding the rules and pursuing integrity.

(iii) Compliance Management

In 2018, the Company formulated and revised a series of compliance management systems, including: supplemented 17 company-level compliance management and business management systems, such as the *Regulations on System Management*, *Measures for the Management of Compliance Officers*, *Guidelines of Compliance Promotion and Training*, *Measures for the Management of Bond Trading Business*, and *Compliance Inspection System for Investment Banking Business*; revised 10 systems, such as *Contract Management Measures*, *Compliance Reporting System* and *Unpublished Information Insider Registration System*, thereby improving the comprehensiveness and completeness of systems and promoting the standardization of the Company's business. In 2018, such systems and management systems played a good role in controlling and preventing the management work of honesty, self-discipline and integrity advocated by the Company. No material violations against laws and regulations occurred.

When onboarding, new employees are required to sign the *Legal Responsibility Warning and Commitment Letter* and fill in the securities account of qualification certificate, part-time job and other information. The Company's Compliance Department reviews the above information and employee integrity information. In 2018, the Company conducted targeted compliance education and training through case-warning educations, compliance and practice tips, and erected a continuous law-abiding compliance awareness and practice concept, to effectively prevent employees from violating practitioners' practice standards or participating in illegal and criminal activities.

VII. CARE FOR EMPLOYEES

Employees are the Company's most valuable asset. The Company attaches great importance to maximizing the knowledge, skills, talent and professionalism of all employees, and opposes discrimination due to differences in regions, cultures, and genders. By improving the management system, optimizing the working environment, emphasizing humanity care, the Company has built a solid career development platform for employees and realized the shared development of the Company and employees.

(i) Employment

1. Talent Diversity

The Company always adheres to the idea of equality and diversity of talents. The diversity in race, gender, age, skill, educational background, industry experience and other qualities of the employees lay a foundation for the Company in creating a diversified and inclusive corporate culture, which is also the prerequisite for the Company to achieve diversified development.

The Company strictly abides by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Special Provisions on Labor Protection for Female Workers* and other laws and regulations. Such laws and regulations have a significant impact on the employment and management of employees of the Company. In accordance with the law, the Company has implemented internal rules and regulations such as the *Employee Contract Management Regulations*, the *Attendance Management Regulations* and other relevant detailed explanations, so as to effectively protect the legitimate rights and interests of employees. In the recruitment process, the Company strictly reviews the information of the employees, handles the employment and office-leaving procedures according to the regulations and internal rules requirements, and resolutely forbids the use of child labor and forced labor. In 2018, there was no material violations against laws and regulations relating to employment.

In 2018, the Company actively responded to the regulatory requirements by recruiting full-time compliance specialists in its branches through internal transfer and external recruitment, and increased the number of personnel of the Company's risk management and compliance team. Meanwhile, the Company set up an independent internal review department to strengthen the professional review of investment banking.

In 2018, with the continuous adoption of a market-based recruitment mechanism, the Company made more efforts on campus recruiting, broadened the channels for the students to be informed of the Company's recruitments, and increased the number of recruitment seminars outside areas like Beijing and Shanghai, so as to better inform the candidates outside the Metropolis and provide the students with open, fair recruitment opportunities. Meanwhile, the Company has established a relatively sound training mechanism for new employees to help new employees quickly learn professional knowledge, familiarize themselves with the Company's management requirements, and improve basic working skills.

In 2018, the Company launched a summer internship recruitment, and the Company's headquarters provided more than 300 college students with opportunities of summer internship. Meanwhile, in response to the requirements of CITIC Group Corporation (hereafter referred as "CITIC Group", the actual controlling party of the Company's largest shareholder CITIC Limited) and Shenzhen Municipal Financial Service Office, the Company provided internship opportunities for 12 Hong Kong students and 2 Taiwan students in the summer vacation.

As at December 31, 2018, the Group had a total of 15,842 employees (including brokers and dispatched employees), of which 9,245 were employees of the Company (including brokers and dispatched employees). The composition was as follows:

Overview of talent structure	No. of Employees
Number of employees of the parent company (including brokers and dispatched employees)	9,245
Number of employees in major subsidiaries (including brokers and dispatched employees)	6,597
Total number of employees on the job	15,842
Number of retired employees whose expenses are borne by the parent company and its major subsidiaries	243

By Business Category	No. of Employees
Brokerage Business	8,978
Investment Banking	1,211
Asset Management	1,060
Securities Investment	196
Stock/Bond Sales Transactions	616
Direct Investment	162
Research	452
Liquidation Businesses	294
Risk Control	151
Legal Supervision/Compliance/Audit	280
Information Technology	1,027
Finance Planning	601
Administration	357
Others	457

By Educational Background	No. of Employees
PhD	226
Master	5,096
Bachelor	9,288
College or Below	1,232

2. Salaries and Benefits

In order to attract and keep talents, the Company has developed a series of human resource management systems, provided competitive salary, welfare and incentive mechanism for employees, and organized a variety of corporate activities.

The Company abides by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Regulations on Work-related Injury Insurance* and other relevant laws and regulations. Such laws and regulations require the Company to determine the salary distribution mode and salary level according to the characteristics of the Company's own production, operation and financial performance, and pay employees timely, which has a significant impact on the Company's compensation and welfare management. Employee compensation consists of salary, annual bonus, special awards and insurance benefits. In order to balance business risks and financial goals, the Company adopts a sharing-bonus incentive mechanism. Recognizing the fact that the profits are mainly directly made by the business departments, the Company "prioritizes the business lines, profitable business lines and important and innovative business lines in bonus distribution". Meanwhile, the role and value of middle-office and back-office units are also recognized. Bonus is linked to business performance of the Company. The Company sets aside a sum of bonus out of its annual profit at a percentage approved by the Board of Directors. The Company also formulates the *Performance Appraisal Management Measures* to fully recognize the employees' contributions to the Company. Besides, the Company has established a comprehensive welfare system. In addition to paying basic social insurance such as basic pension, basic medical insurance, unemployment insurance, work-related injury insurance, insurance relating to maternity and housing funds, the Company also provides employees with enterprise annuity and other employee benefits.

3. Leave and Working Hours

The Company complies with the *Labor Law of the People's Republic of China* on working hours and leave of employees. Such laws and regulations entitle laborers to the rights to rest and have vacation, bringing significant impact on employees' leave and working hour management of the Company. At the same time, *Administrative Measures for Attendance System* specifies holidays and leaves to which the staff are entitled, including public national holidays, paid annual leave, personal leave, sick leave, work-related injury leave, marital leave, funeral leave, maternal leave, maternity incentive leave, paternity leave, family-planning leave and breastfeeding leave.

In 2018, the Company revised the relevant regulations of attendance management, further clarifying the requirements related to the Company's attendance policies and staff leave management. Through WeChat enterprise account, the Company made employees' application for leave and business trips even more convenient and recorded relevant information. At the same time, through the data linkage of OA system and human resources system, the Company recorded employees' local attendance, business trips, leave and other attendance information with completeness. The Company kept the annual leave until the Spring Festival next year, so that employees could better plan and enjoy their personal holidays.

4. Employee Promotion

The Company attaches great importance to the promotion and development of employees. Through annual performance appraisal and promotion selection, employees with better performance can obtain promotion opportunities and move along the personal career path. The Company has formulated the *Administrative Measures on the Grade System*, which establishes the grade system tailored to the Company's characteristics and the corresponding performance appraisal and promotion mechanism to provide equal opportunities for all employees. At the same time, for newly promoted employees above a certain rank, the Company will hold promotion ceremony and training meeting especially for them, so that they can adapt to the new job role more quickly and carry out their work better.

In order to build the Company's core competitiveness, encourage innovation and collaboration among the staff and maintain the continuous stability of the core human resources, the Company praises and rewards staff members who make special contributions with special awards such as "the President Award Fund".

5. Employee Activities

The Company held a variety of employee activities to advocate work-life balance in 2018, including club activities, parent-child activities, arbor activities, knowledge and skills competitions, etc.

Case 1: Activity "Come on My Baby, Come on the Family" on Children's Day

On June 2, 2018, the Company's labor union held the Children's Day activity "Come on My Baby, Come on the Family", with a total number of more than 600 participants. The atmosphere was cheerful and warm. Many busy employees came to the event with their children, leaving laughter and happy memories on Children's Day.



Case 2: Young Painters

On May 27, 2018, the Company organized a painting event for the children of employees, in which more than 20 children participated. During the break, the children visited the Company's fitness center under the guidance of their parents and managers, where they tried table tennis and table football. The Company canteen also served a rich lunch for the children, so that the children could draw freely, play happily and eat at ease.

After the painting event, the children's paintings were framed for a long-term display at the Company's fitness center. This activity enables children to show their talents, enriches their imagination, and offers opportunities for parent-child, parent-parent and child-child interaction and communication.



Case 3: The Women's Day Activity

The labor union of the Company and the working women's committee organized various activities for the female employees on the Women's Day, including ten paper-cutting lecture series.

In the paper-cutting art lecture, the Company specially invited experts to talk about the history, tools and materials of paper-cutting, detailing the lining and cutting skills, with demonstration. Female employees of the Company listened carefully during the lecture and actively practiced. Stroke by stroke, cut by cut, they cut out their own favorite lotus flower-shaped paper-cut masterpiece like a professional.



Case 4: The 10th Sports Meeting of CITIC Securities

CITIC Securities held the 10th sports meeting to celebrate its 23rd anniversary. The sports meeting was mainly for fun, integrating fitness, competition, entertainment and appreciation, aiming to review the history of the Company, carry forward the fighting spirit and enhance the teamwork spirit. This activity was widely participated, influential and interesting, which marked the inheritance and innovation of the Company's corporate culture.



(ii) Employee Training

The human resources department of the Company regularly makes annual training plans according to the existing training system and in combination with business requirements every year, and organizes targeted business training to realize the goal of cultivating talents. In order to achieve the mutual growth of employees and the Company, the Company provides various forms of targeted training for employees. At the same time, the Company adopts the Webex video conference system to project offline training courses onto online screens, so as to help more employees to learn synchronously through the Internet.

In 2018, the Company's training center completed the construction of the training structure and initially established the Company's five curriculum systems; appointed the first batch of internal lecturers and established the internal lecturer database; on the basis of regular training, launched new training programs such as "International Lecture Hall", "Career Engine: Series Lectures to Enhance Skills", "Financial Product Designer Salon" and "New Department Corner B Training", which were welcomed by the employees. At the same time, the supervision and coordination of the business training held by each department were strengthened, which effectively expanded the vision of the staff and increased the training opportunities.

In 2018, the Company organized a total of 64 face-to-face trainings, with a total of 927 training hours and a total number of 6,694 trainees. 18 online courses were launched, with a total of 124 hours, and a total of 104,155 trainees.

Case 1: 2018 Orientation for the New Employees from Campus Recruitment at the HQ

In order to assist new employees to quickly adapt to corporate culture, understand the Company's rules and regulations and business, and transform from students to professionals more smoothly, the Company held the "CITIC Securities 2018 Orientation for the New Employees from Campus Recruitment at the HQ" in two batches in July and September respectively, and more than 330 new employees from the headquarters and CITIC Futures participated in the training. Nearly 40 internal lecturers from various departments of the headquarters and subsidiaries of the Company comprehensively introduced various businesses and professional knowledge of securities of the Company with a large number of vivid and detailed cases. Afterwards, the trainee took an exam. The Company also set up the corresponding scenario rehearsals, and nearly 20 experts from the investment bank, asset management and other business lines provided on-site guidance to help new employees to deepen understanding and apply what they have learned. In addition to classroom learning, the Company also arranged activities such as compliance knowledge competition, team building, experience sharing of exceptional staff representatives, etc., so that new employees could fit in better through various team activities and have a glance at the team spirit and company culture.



Case 2: Career Engine: Series Lectures to Enhance Skills

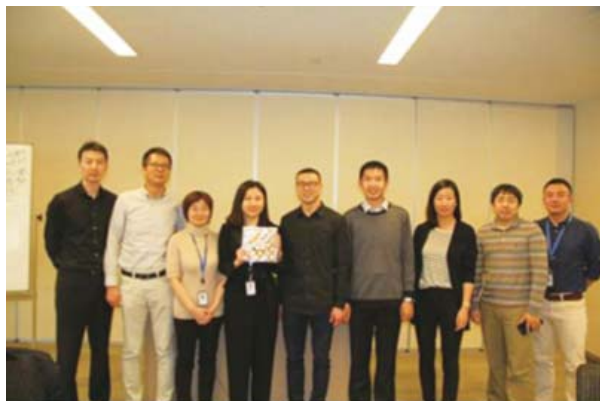
In 2018, in order to improve the work efficiency of employees, the human resources department of the Company held a series of office skills lectures named "Career Engine". In 2018, the Company launched batches of training programs to improve trainees' skills of using office software such as EXCEL, PPT and WORD.

This series of lectures are accessible to employees from the headquarter, brokerage branches, Goldstone Investment, CITIC Futures and other employees through a variety of channels, including on-site training, Webex and the E-learning platform.

Case 3: Promotion Celebration and Training Meeting for 2018 Newly Promoted Employees

In order to enhance the sense of mission and honor of the newly promoted staff, improve the ability of the newly promoted staff under the requirements of their new roles, and promote the peer communication among the staff of different departments, the Company held the promotion ceremony and training meeting of the newly promoted staff in 2018 on March 24.

The promotion ceremony was divided into three parts, including the issuance of the letter of appointment, the sharing of qualifications and abilities, and the sharing of work experience. After the promotion ceremony, the Company provided training corresponding to the ability and quality requirements for the newly promoted. The content of the training varies from one rank to another. The training was carried out in the form of sand table simulation, which integrated participation, interaction, practice and competitiveness. The on-site trainees were highly excited in the training and the atmosphere was very active. After the meeting, the staff who participated in the activity said that they not only learnt a lot of management philosophy, but also forged a deep friendship with colleagues from different departments, and they were more confident in adapting to new job roles and carrying out work better in the future.



(iii) Employee Safety and Health

For the Company, one of the most basic responsibilities is to protect the safety and health of the employees. Under the policy of “Safety First, Prevention First and Comprehensive Management”, the Company adheres to the principle of people first and regards the protection of life as the highest standard of all work. The Company strictly abides by the *Labor Law of the People’s Republic of China*, *The Fire Control Law of the People’s Republic of China* and other laws and regulations. Such laws and regulations require companies to establish and improve the occupational safety and health system, to strictly implement national labor safety and health regulations and standards, and to educate the laborers about labor safety and health, so as to prevent accidents during work and reduce occupational hazards. Meanwhile, the Company has an obligation to implement fire control safety, to protect fire control facilities, to prevent fires and to report fire accidents. Such laws and regulations have a significant influence on employee health and safety management. The Company revised the *Fire Control Management Regulations*, the *Security Management Regulations*, the *Tenants and Visitors Management Regulations*, the *Regulations on Office Items Moving-in and -out* and relevant rules and regulations, so as to ensure the safety of working environment. The Company has set up a work-safety leading group as the ultimate leading organization of work safety affairs to ensure the safety operation of the Company, which plays a leading and supervising role in the implementation of safety management work.

As a key unit in the fire control work in Chaoyang District, Beijing, the Company’s office building in Beijing has a small fire station with security guards around the clock. In 2018, the station participated in more than 10 emergency fire drills launched by Chaoyang Fire Prevention Station and was able to complete all the tasks within the designated time and place. With the increase of office space, the Company increases the investment in fire safety, which comprises 240 fire

extinguishers and the service of a qualified third party for the regular maintenance of all types of fire safety equipment. During the “119 Publicity Week”, the Company simulated a fire accident according to the actual situation of fire prevention work, and organized more than 200 employees from 7 business departments to participate in fire drills, so as to enhance employees’ awareness of fire prevention and the safeguard measures.

In 2018, according to the actual situation, the Company took a variety of security measures. To remind the employees of hot security incidents, the Company issued security notices and warnings to all the staff in a timely manner, so as to improve the safety awareness of all the staff and make precautions. In March and May 2018, the Company repeatedly invited lecturers of Beijing International Security Defensive College to conduct systematic training for security personnel, so as to enhance their ability to respond to emergencies.

The Company not only provides employees with commercial supplementary medical insurance and accident insurance, but also actively organizes various health lectures and invites medical experts to lecture about common diseases prevention and treatment, daily health care and other related knowledge, so as to protect the health and safety of the employees. The Company organizes all employees to have a physical examination on a yearly basis and provides vaccination on the flu, Hepatitis B and other diseases. The headquarters of the Company also upgrades the air-freshening system and installs air purifiers, which greatly improves the air quality of the office area and the office environment.

In June 2018, under the leadership of the Company’s labor union, and with cooperation and support of the Information Technology Center, the department of financial science and technology of the Wealth Management Committee and the department of comprehensive management, the “Happy E Home” APP, a staff daily-life platform, was successfully launched. The platform has “Health Management” and “Fitness” service sections. “Health management” introduces Dingxiang health service to provide employees with one-stop medical services covering diagnosis, medical examination report analysis and medicine inquiry. “Fitness” service section introduces Zhongti Lemon fitness service to provide employees with fitness allowance at a certain percentage to encourage employees to take active exercise and enhance physical fitness.

VIII. ENVIRONMENTAL RESPONSIBILITIES

As a financial service provider, though it has no material negative impact on natural resources and the environment, the Company clearly knows its responsibilities for the environment and devotes to reducing the emission of greenhouse gas. The Company always abides by *the Environmental Protection Law of the People's Republic of China*, *the Energy Saving Law of the People's Republic of China* and *the Comprehensive Energy Saving and Emission Reduction Plan For the 13th Five-Year Plan Period* released by the State Council among other important laws and regulations and national policies and requirements on the implementation of energy conservation and emission reduction. It applies a combination of measures to save energy and reduce emissions to push forward a green operation.

(i) Green Office

The Company practices the green office concept and takes various measures to protect the environment, including saving electricity consumed in illumination, banning installing or changing electric wire without permission, setting air-conditioners in public space to a proper temperature, saving water in toilets, forbidding use of company-owned vehicles for personal purpose, and encouraging paperless office, etc.

1. Paper Saving

In light of paper saving, the Company stipulates that the default setting for PC network printing should be double sided printing in black and white, and encourages smaller front size, letter space and line space, as well as the re-use of paper with single sided printing, for informal documents. The Company also summarizes monthly statistics and analyses the printing volume of different departments and reminds all the employees of paper saving. In 2018, 99% of the research reports totaling 16,000 from CLSA (the brand name of the offshore business of the Company) were issued in electronic version. By taking the above measures, the number of copy papers used by the company is declining.

2. Water Saving

In 2018, the Company reconstructed the main purifier at the Beijing headquarters for water recycling. Purified waste water flows into the water tank of the underground reclaimed water system through new pipes, which will approximately reduce water consumption by 2,500 tons per year.

3. Waste Sorting

In compliance with the advice on accelerating domestic waste sorting from the regulators, the Company launched a project for waste sorting in 2018. A joint working group is set up to carry out waste sorting plan in office buildings of Beijing. Both the effectiveness of the waste recycling and the environmental consciousness of the employees are strengthened by virtue of separate bins and bags for waste, waste sorting labels, bulletin board for "Waste sorting", and special trainings for waste sorting. The Company entrusts waste recycling with eligible waste removal and recycle agencies via the property management company, and integrates environmental protection with public welfare by purchasing rice, flour, oil, food and children products with proceeds from waste recycling, thus making special donation to "Alanah's home" in Chaoyang District, Beijing.

4. Waste Reduction

In 2018, the Company initiated the proposal of "Be Low Carbon, Be Green". Warm reminders are presented in tea rooms of the Beijing offices to call on employees to consume less bottled drinks and avoid using disposable cups. Also, the meeting rooms in Beijing are no longer equipped with bottled water. Using one's own cups and reusable teacups is advocated for internal meetings. In 2018, the Company managed to reduce the mineral water consumption by approximately 1,000 boxes, compared with that of 2017. As such, a multitude of bottles and disposable cups are spared from being wasted.

(ii) Green Travel

The Company advocates a green travel concept and encourages the staff to use the public transit system as much as possible. In 2018, the Company followed through *the Reform Plan for the Use of Vehicles Owned by CITIC Group* and continued to practice economy and combat wastage. *Rules on the Management and Use of Vehicles Owned by CITIC Securities Company Limited* specifies the application and approval process, expense accounting and limits governing the use of company-owned vehicles. All company-owned vehicles are furnished with GPS to track everyday use of vehicles in one way, and provide traffic guidance to save gasoline consumption in the other way.

In addition, relevant departments of the Company conducts monthly statistics on fuel consumption of vehicles and forms a quarterly report. The managements analyze the trends of gasoline consumption according to the quarterly report, identify possible causes of above-average consumption in a timely manner and prevent continued resource wastage. For emission standards of vehicles, old and obsolete vehicles are retired and vehicles in use exhaust in compliance with the national requirements. By putting into effect the rules on company-owned vehicles, the Company has significantly lessened the use of company-owned vehicles, and reduced emissions by company-owned vehicles effectively.

In accordance with the reform plan for the use of vehicles owned by CITIC Group and for the purpose of better management of company-owned vehicles and security of business travels, the Company conducted a meticulous survey on company-owned vehicles of its subsidiaries and branches, and re-allocated the vehicles regarding the business development and strategic demands to fully utilize the company-owned vehicles. Moreover, each company-owned vehicle is managed and dispatched from the Company's OA system to facilitate business travel of the employees. The Company also stipulates that all subsidiaries and branches should specify the usage and procedure of the vehicles to regulate the management of company-owned vehicles.

(iii) Table of Key Data

1. Emissions

Indicator	2018
Total GHG emissions (Scope 1 and 2) (tonnes)	24,972.69
Direct emissions (Scope 1) (tonnes)	691.91
Gasoline	94.37
Diesel	31.15
Natural gas	566.39
Indirect emissions (Scope 2) (tonnes)	24,280.78
Electricity	24,280.78
GHG emissions per square meter (tonnes per square meter)	0.18
Hazardous waste (tonnes)	0.81
Hazardous waste per capita (tonnes per capita)	0.0002
Non-hazardous waste (tonnes)	8.05
Non-hazardous waste per capita (tonnes per capita)	0.0019

Note:

- (1) The scope of emissions data only covers the head offices of CITIC Securities, CITIC Futures, China AMC and Goldstone Investment.
- (2) Based on the business characteristics of the Group, its main emissions are greenhouse gases (GHG) produced by fuel and electricity converted from fossil fuel.
- (3) GHG inventory includes carbon dioxide, methane and nitrous oxide. Greenhouse gas emission is stated as carbon dioxide equivalent and measured according to *Baseline Emission Factors for Regional Power Grids in China (2015)* released by National Development and Reform Commission of the PRC and *IPCC Guidelines for National Greenhouse Gas Inventories (2006)* by the Intergovernmental Panel on Climate Change (IPCC).
- (4) The Company's hazardous waste from operation mainly includes used toner cartridges, ink cartridges and fluorescent tubes. Used toner cartridges and ink cartridges are collected by the printer suppliers for recycling, while used fluorescent tubes are replaced by the office property management company, who handles these tubes over to eligible recyclers.
- (5) The Company's non-hazardous waste from operation mainly includes waste electronic devices and used office furniture, which are collected and disposed of by recyclers.

2. Energy and Resource Consumption

Indicator	2018
Total energy consumption (MWh)	35,757.45
Direct energy consumption (MWh)	3,400.60
Gasoline	385.50
Diesel	118.48
Natural gas	2,896.62
Indirect energy consumption (MWh)	32,356.85
Electricity	32,356.85
Energy consumption per square meter (MWh/square meter)	0.26
Water consumption (tonnes)	138,198.00
Water consumption per square meter (tonnes/square meter)	1.00

Note:

- (1) The scope of energy and resources consumption data only covers the head offices of CITIC Securities, CITIC Futures, China AMC and Goldstone Investment.
- (2) Total energy consumption is calculated using the consumption of electricity and gasoline and the conversion factor provided in the PRC national standard, *General Principles for Calculation of Total Energy Consumption (GB/T 2589-2008)*.
- (3) The Company mainly uses municipal tap water in its daily operations, thus, there is no issue in sourcing water that is fit for purpose.
- (4) Data of packaging materials is not applicable to the Company.

IX. SUPPLY CHAIN MANAGEMENT

In the procurement management, the Company, in the belief of fair, just and open cooperation, standardizes the Company's supply chain management, strengthens supply chain supervision, ensures the quality of procurement, improves efficiency, reduces costs, protects the Company's interests, and controls supply chain risks.

(i) Standardized Procurements

The Company's procurement management committee is the highest decision-making body of the Company's procurement management, and the Company's executive committee exercises the functions of the procurement management committee. In 2018, the Company updated its internal rules *Procurement Management System* and *Operation Rules of Procurement Management*. The Company organized and established an expert reviewer database. The expert reviewers in the database are composed of internal experts in finance, technology, audit and business recommended by relevant departments of the Company, together with external experts on technology and economy.

(ii) Green Procurement

In the process of office renovation and improvement, the Company practices the concept of green procurement. Environmental protection requirements also apply to products purchased and construction environment, which is mainly reflected in:

- Construction management: construction projects giving out odors should be done at weekends or during holidays to minimize the impact on the office environment. Any floor of the building that is newly decorated or renovated must be certified for air quality before being put into use;
- Selection of furniture: products compliant with national environmental protection standards are used and environmental protection standards higher than the industrial norms are applied to main materials such as panels and wrapping cloth;
- Selection of materials: materials compliant with national environmental protection standards are used, environmental impact test reports are available for check, and examinations upon receipt and acceptance test are managed strictly.

(iii) Management of Environmental and Social Risks

The Company requires its suppliers or contractors to submit proof for their certain qualification at the stage of open bid. For example, bidders must provide ISO9000 and ISO14000 certification, as well as credit reference, balance sheets and operational performance for the last three years. By reviewing the qualifications and assessing the supply capacity and market position of the suppliers and contractors, the Company is able to minimize negative impact on the Company arising from potential environmental and social management risks.

For IT procurement, the Company has formulated and implemented the *Information System Procurement Management Measures*, which defines the supplier management process, admittance, personnel management, performance assessment and other specific management rules, so as to effectively implement the supplier risk management. The Company prefers leading IT suppliers in actual procurement. In the annual open bid for procurement framework proposal for desktops, laptops and servers, for example, the Company usually picks the top three vendors on the Gartner or IDC ranking. Meanwhile, the Company still requires suppliers to provide quality, safety and environmental friendliness certificates, for example, EPEAT for environmental protection, CNAS for noise control and quality reliability test (Mean Time Between Failures, MTBF). By putting into practice these supplier management policies, the Company is able to effectively control potential negative impact on its operation arising from potential environmental and social risks.

The Company also pays attention to the regular review of suppliers. After the suppliers being put into the supplier admittance list, the centralized management department implements the periodic review system for the suppliers in the supplier database. The review period can be determined according to the nature of the products or services provided by the suppliers. Where there are major changes in the basic conditions of a supplier, including but not limited to business separation, merger, change of name, change of equity, major change of management and major adjustment of business scope, the Company determines whether such supplier should remain in the database according to the supplier admittance rules. The centralized management department removes unqualified suppliers on a regular basis, which include suppliers on the black list, suppliers identified as not qualified for two consecutive years, the potential suppliers with no information updated or contract execution in three years, and suppliers with changes unsuitable to be admitted as suppliers.

X. COMMUNITY INVESTMENT

As a micro link of the national economy, the survival and development of the Company depends on national policies, market environment and support from all sectors of society. Only by giving back to the society while making profits from the society can the Company achieve harmonious co-existence and sustainable development. The Company always keeps its mission in mind, boldly embraces its responsibility, focuses on community investments such as targeted poverty alleviation, educational support and environmental protection activities, actively plays the role of a state-owned enterprise as a citizen, and fulfills its corporate social responsibility.

The Company was founded with its social responsibility in mind. From natural disasters to major diseases, from poor mothers to left-behind children, from Hope Primary School to senior high school student assistance, from Tibet construction to helping former revolution bases in southern Jiangxi, the Company fulfills its social responsibility with no hesitation. In implementing business-to-county poverty alleviation among securities and futures businesses, the Company helped Huichang County of Ganzhou City in Jiangxi Province, and the CITIC Futures helped Poyang County in Jiangxi Province, in addition to the two poverty-stricken counties of Shenzha County in Tibet Autonomous Region and Guyuan County in Hebei Province. The Company gives full play to its advantages in systematic and multi-channel financial services, and helps the industries in poor areas through asset securitization, “insurance + futures” and other innovative ways. Besides, the Company actively organizes various volunteer activities. In 2018, the employees from CLSA devoted over 1,100 hours to volunteer activities.

(i) Targeted Poverty Alleviation

Targeted poverty alleviation is a systematic project, and the key is to establish a systematic duty framework in which everyone has his or her own duty and a mechanism with different responsibilities and coordinate the work of poverty alleviation from the top to the bottom. The Company should leverage its resources to forge an alleviation and assisting system. The Company has strengthened its responsibility and set up a special working group on poverty alleviation to actively implement the national poverty alleviation strategy with systematic ability and marketized means.

1. Business-to-county Poverty Alleviation

The Company and its subordinate companies actively implement the business-to-county poverty alleviation pairing assistance mode. As poverty alleviation covers a wide range of areas and targets of poverty alleviation are diverse, the Company adopts measures according to local conditions and provides specific assistance schemes for each household and person in each village.

In January 2018, CITIC Securities commissioned two nominal cadres to Huichang County, an old revolutionary base in Gannan, south of Jiangxi Province, as the vice president of the Development and Reform Committee and the deputy director of the Information Technology and Industry Bureau, who could allocate various resources of the Company in a prompt manner to support poverty-stricken areas in policy, planning and technology with adequate talent pool. By the exchange of visits, field researches and information sharing, the leaders and relevant persons from CITIC Securities and Huichang County constantly explores solutions to new problems thus substantively facilitating the poverty alleviation work. Meanwhile, with its member groups, the trade union of CITIC Securities purchased agricultural products from Huichang County to help lift the county out of poverty. In 2018, the Company's trade union spent RMB1,920,000 on the purchase of navel oranges and tangelos, the characteristic agricultural products of Huichang County.

2. Innovative Financial Poverty Alleviation

The Company gives full play to its advantages of complete business categories and outstanding comprehensive ability, provides systematic and multi-channel financial services, and helps the industries in poor areas. In 2018, the line of services of investment banking was appointed as the main underwriter for the A-share listing of a material company in Fuyang County, Anhui Province and a food group company in Suyu County, Jiangsu Province. The National Equities Exchange and Quotations business line provides market-making services for Anda Technology and Energy Co., Ltd., Changshun County, Guizhou Province.

By giving play to the role in the bond market, the Company has participated in the securitization project of agricultural credit assets under the China Poverty Alleviation Foundation for many times. In 2018, the Company completed the establishment of the special asset support plan of No. 3-5 of Zhonghe Rural Credit Public Welfare petty loan. The Company invested RMB150 million to subscribe for the asset securitization No. 5 product.

3. Green Poverty Alleviation

On the basis of many investigations, researches and visits in the early stage, the Company decided to build up photovoltaic power stations for Xiaying Village in Huichang County as the leading poverty alleviation method.

The first phase of the project was set up by Zhoutian Town. CITIC Securities donated RMB2,368,900 and Trina Solar EPC undertook the construction of the 338.42KW distributed photovoltaic power station. The construction in Xiaying Village of Zhoutian Town was completed before the end of 2017. The photovoltaic power station in Xiaying Village (the first phase of the project) has been in good condition. As of December 2018, it has generated 374,000 kWh of electricity and generated an income of RMB318,000. Directly benefiting 136 registered poor households and Xiaying Village as a whole, the project turned the situation around in overcoming hardship in poverty alleviation for Xiaying Village.

On October 17, 2018, Huichang County government, CITIC Securities and Trina Solar signed the *Complementary Agreement on CITIC Securities' Donations for Photovoltaic Power Station Project for Poverty Alleviation in Huichang*. The project site lay in the Nanxing Village of Xijiang, with a total installed capacity of 575.4 KW, a total investment of RMB3,567,480. The station was connected to the grid and started power generation in December.

4. Clothing Donation

In October 2018, the Company organized the 2018 autumn "Send Warmth and Show Love" clothing donation activity. As of October 30, 2018, a total of 362 pieces of clothing have been received, all of which have been sent to the volunteer team of the charity organization "Love Wardrobe". Volunteers would carry out preliminary classification, washing and disinfection of clothing. After the treatment, the clothes would be delivered to the remote mountain areas in Sichuan, Qinghai, Tibet and other places for the elderly and children in need.

(ii) Education Support

The Company supports the fundamental principle that education is an inevitable part of poverty alleviation, and has been cultivating for a long time to form an educationally sustainable development, so that children in poor areas can receive good education.

1. Contributions to Primary and High Schools

When helping Xiaying Village, Zhoutian Town, Huichang County, the Company learned about the need to build the teachers' dormitory of primary school and the need to connect every classroom to the network for teaching systems. The Company timely communicated with the charitable foundation of China AMC and donated RMB680,000 at the end of November 2017 for the follow-up project of Xiaying Village Primary School. After the design, construction, centralized procurement, decoration and installation, etc., in September 2018 when the new semester began, the teachers' dormitory and network system to every classroom are officially put into use. Teachers' accommodation has been improved, and students had access to advanced teaching systems connected to Ganzhou's education system.

China AMC also contributed in building Sanhao Town Central Primary School of Zhangbei County in Zhangjiakou City. The Huaxiaren Charitable Foundation donated RMB1,207,805, which was mainly used to build a two-story comprehensive building including office building and indoor activity center, so as to improve teachers' office environment, meet the need of students' various activities and establish a good working and learning environment for teachers and students. In Tiaogang Junior High School of Jiangsu Province, the Huaxiaren Charitable Foundation donated RMB1 million in two years, mainly for the construction of the Tiaogang Junior High School stadium.

2. Contributions to the Construction of Kindergartens

Since 2011, in response to the national overall strategic arrangement and the call of CITIC Group to help the Tibetan area, the Company has sent two leading cadres to Tibet to directly participate in the corresponding poverty alleviation work. Shenzha County is located in the north Tibetan plateau, with an average altitude of nearly 5,000 meters, and the living condition is tough and the educational resources are scarce. From 2014 to 2015, the Company donated RMB2.07 million to Shenzha County for the pilot construction of two village-level kindergartens. In addition, the Company continued to donate RMB2.99 million in 2016 and built the third and the fourth kindergartens in the sixth village of Shenzha Town and the eighth villages of Xiongmei Town in Shenzha County. In 2017, the Company donated another RMB3.1 million as planned to build the fifth and sixth kindergartens in the fifth village of Ka Town and the ninth village of Ta'erma in Shenzha County. In 2018, the Company continued to donate RMB3.25 million to build the seventh and the eighth kindergartens in the seventh village of Shenzha Town and the first village of Xiaguo Town. The example of CITIC Securities' way of assistance in building village-level kindergartens in the north Tibetan plateau has become a typical model of local targeted poverty alleviation, and forms a win-win situation with multiple benefits.

3. Supporting the Students in Poverty

In 2012, the Company signed a contract with Guyuan County government in Zhangjiakou of Hebei Province, stating that the Company would support poor high school students via Guyuan No. 1 Middle School. Through procedures such as home visits and public announcements, every year, among the newly enrolled high school students, 100 students from poor families could receive financial aid of RMB2,000 annually, (including RMB1,000/year/person from the county government and RMB1,000/year/person from CITIC Securities) until the students graduated from high school. The Company funded RMB100,000 in 2012, RMB200,000 in 2013, and RMB300,000 yearly from 2014 to 2018. So far, the Company has contributed RMB1.8 million and helped 400 poor students complete their high school studies. The continuous implementation of this project is consistent with the national direction of targeted poverty alleviation. The Company intends to continue this project and makes contributions to the long-term poverty alleviation and prosperity of poor households in remote and poor areas.

In 2018, the Company also helped poor students in Qinghonglan Migrant Children School. The school's students are children of migrant workers from areas around Beijing. The Company organized the staff to go to the school for the charitable activities. Employees of the Company used their spare time to communicate with students of the school, learnt about their study and life in the school, and encouraged them to study hard. Employees of the Company awarded academic excellence scholarships to nine outstanding students from grade one to grade nine. They also donated nearly 100 books to the school's book corner by recycling idle books and purchasing children's books, so as to encourage students to broaden their horizons and acquire more knowledge. In addition, the Company donated about sports and school supplies worth around RMB800 to the school to encourage students to live and study in a healthy manner.

China AMC launched an education assistance program in Xinghe County of Inner Mongolia. The Huaxiaren Charitable Foundation made a one-time donation of RMB206,000 to provide a three-year financial aid to 42 students from poor families in No. 2 Middle School of Xinghe County in Inner Mongolia, with an annual grant of RMB2,000 for each student.

4. Children's Workstation

China AMC made charitable donations for a children's workstation through which Liangxiang Town in Fangshan District of Beijing intends to provide accurate support and diversified services for children. A variety of service functions are available in the children's workstation, including daily life care, psychological care, books, cultural entertainment, conversations as a form of company, rehabilitation nursing, and health guidance. The children's workstation functions as a channel through which Liangxiang Town provides children in trouble with basic services or protection, enabling the children to enjoy the diversified services within their hometown.

5. Educational Funds Contributions

Since 2007, the Company has funded a total of RMB8.96 million to high school students from poor counties in Hebei and Shanxi. The Company has established a co-financing mechanism with the local government, relying on the resource from the school to accurately identify students in need. Every year, by organizing employees to communicate with the poor students, the communication channel is opened for the poor students to realize emotional interaction, and a good effect of win-win and harmonious development is established. In addition to the donations to Tibetan kindergartens and supporting poor students in Hebei, the Company spent more than RMB2.44 million on educational poverty alleviation in 2018.

In addition, Huaxiaren Charitable Foundation entrusted Beijing Geyou Community Aid Foundation to provide relevant support for a series of public welfare activities, including youth volunteer activity, "Good Headmaster" growth plan, teacher growth plan and campus security officer plan, with a total fund of RMB517,495.

(iii) Environmental Protection Activities

The Company actively responds to the general deployment of national construction of a beautiful China, and organizes employees to participate in environmental public welfare activities and make contributions to the protection of green water and green mountains.

1. Tree-planting in Kubuqi Desert

On May 13, 2018, the Company went to tree-planting in Kubuqi Desert. A total of 50 employees from the Company's headquarters, Inner Mongolia branch and China AMC signed up. At the same time, the Company and the subsidiaries also organized a tree-planting activity, involving more than 100 people, planting 99 trees.



2. Charitable Forestation Project in Engebei, Ordos

In 2017, the 13th conference of the contracting parties to the *United Nations Convention to Combat Desertification* (UNCCD) was held in Ordos. Engebei was designated as the “base for young volunteers’ tree-planting and desertification-combating and Ordos City young volunteers’ services”. As a member of the UN Principles for Responsible Investment (UNPRI), China AMC acted in a way that is highly consistent with Engebei’s concept of environmental protection and social responsibility. In 2018, after on-site investigation, Huaxiaren Charitable Foundation made a one-time donation of RMB505,000 for the construction of public welfare forests in order to fulfill its social responsibility and to contribute to desertification-combating.

3. Trash Picking In Nanhaizi Park

On October 20, 2018, the Company held a team building activity in Beijing Nanhaizi Country Park. The activity was organized in the form of group games, skill competitions and public welfare activities. During the activity, the Company distributed garbage bags and gloves to participants, collected garbage discarded by tourists along the way, and publicized public welfare knowledge of civilized tour and environmental protection to tourists. More than 100 people participated in this activity.

(iv) Trust

The CLSA Chairman’s Trust provides financial and human capital to support disadvantaged individuals, groups and communities across Asia, Australia, Europe and the Americas. With a core mandate of poverty alleviation, the Trust disburses grants to support measurable and sustainable projects within small- to medium-sized non-governmental organisations (NGOs) in a range of sectors that include education, health and welfare, commercial and environmental enterprises.

Since 2007, the Chairman’s Trust has touched the lives of over half a million individuals, and provided funding of over US\$27.7 million to support the 125 grassroots NGOs. In 2018, the total Chairman’s Trust grant commitment was US\$1.1 million. The impact of Chairman’s Trust projects from 2007 to date can be seen below.

30 Schools built	7,000 School scholarships	1,372 University scholarships
From Thailand to India, we’ve rebuilt schools following natural disasters, added additional classrooms to support more children back to campuses.	We help educate children at risk of being trafficked in Cambodia, underprivileged girls in southern Vietnam, and indigenous students in Australia.	Providing higher learning opportunities to orphans in Japan, medical students in Thailand and many others in Indonesia, Vietnam, China and beyond.
4,000 Free medical procedures	55 Doctors trained	38,871 Students given internet connectivity
Funding of lifesaving surgery for orphaned babies in China, rehabilitative procedures for the rural poor in Cambodia, and medical outreach in Lao.	We believe in capacity building. We provide grants to train doctors and surgeons in Cambodia and Lao so they can use their new skills to improve conditions locally.	In the Philippines, we’ve partnered with the Ayala Foundation since 2008, providing information and communication technology systems to schools throughout the country.



Angkor Hospital for Children, Cambodia



PathFinders, Hong Kong

APPENDIX: INDEX TO THE ESG REPORTING GUIDE

Area	Aspect	General Disclosure and KPIs	Index
Environment	A1 Emissions	General Disclosure: Information on:	Environmental Responsibility
		(a) the policies; and	
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	
		A1.1 The types of emissions and respective emissions data.	Environmental Responsibility — Table of Key Data
		A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility — Table of Key Data
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility — Table of Key Data
		A1.4 Total non-hazardous waste produced (tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility — Table of Key Data
	A1.5 Description of measures to mitigate emissions and results achieved.	Environmental Responsibility — Table of Key Data	
	A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Responsibility — Table of Key Data	
	A2 Use of resources	General Disclosure: 有Policies on the efficient use of resources (including energy, water and other raw materials).	Environmental Responsibility — Green Office, Green Travel
		A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility — Table of Key Data
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility — Table of Key Data
		A2.3 Description of energy use efficiency initiatives and results achieved.	Environmental Responsibility — Table of Key Data
		A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Responsibility — Table of Key Data
		A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Responsibility — Table of Key Data

Area	Aspect	General Disclosure and KPIs	Index
	A3 The Environment and natural resources	General disclosure: Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Responsibility
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Responsibility
Social	B1 Employment	General disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Care for Employees — Employment
		B1.1 Total workforce by gender, employment type, age group and geographical region.	—
		B1.2 Employee turnover rate by gender, age group and geographical region.	—
	B2 Health and Safety	General disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Care for Employees — Employee Health and Safety
		B2.1 Number and rate of work-related fatalities.	—
		B2.2 Lost days due to work injury.	—
		B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Care for Employees — Employee Health and Safety
	B3 Development and Training	General disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Care for Employees — Employee Training
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	—
		B3.2 The average training hours completed per employee by gender and employee category.	—

Area	Aspect	General Disclosure and KPIs	Index	
B4 Labour Standards		General disclosure: Information on:	Care for Employees — Employment	
		(a) the policies; and		
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer		
		relating to preventing child and forced labour.		
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Care for Employees — Employment	
	B4.2	Description of steps taken to eliminate such practices when discovered.	NA	
B5 Supply Chain Management		General disclosure: Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	
		B5.1	Number of suppliers by geographical region.	—
		B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	—
B6 Product Responsibility		General disclosure: Information on:	Product Responsibility	
		(a) the policies; and		
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer		
		relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		
		B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	NA
		B6.2	Number of products and service related complaints received and how they are dealt with.	—
		B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility — Protecting Intellectual Property Rights
B6.4	Description of quality assurance process and recall procedures.	NA		
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility — Protecting Privacy		

Area	Aspect	General Disclosure and KPIs	Index
B7 Anti-corruption		General disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
		B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	—
		B7.2 Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption — Upholding Integrity
B8 Community Investment		General disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
		B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
		B8.2 Resources contributed (e.g. money or time) to the focus area.	Community Investment