



LUZHENG FUTURES COMPANY LIMITED

魯証期貨股份有限公司

(a joint stock company incorporated in the
People's Republic of China with limited liability)

(Stock Code : 01461)



2019

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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I. ABOUT THIS REPORT

(I) Introduction to the Report

This Environmental, Social and Governance Report (the “Report”) discloses the relevant environmental, social and corporate governance initiatives adopted by and performance of LUZHENG FUTURES Company Limited (the “Company”, together with its subsidiaries, the “Group”) during the business operation in the People’s Republic of China (the “PRC” or “China”). The contents and data disclosed in the Report have been considered and approved by the board of directors of the Company.

(II) Time Frame

The time frame is from 1 January 2019 to 31 December 2019 (“Reporting Period”).

(III) Release Cycle

This Report is published annually. The last report was released in July 2019.

(IV) Preparation Basis

This Report has been prepared by the Company in accordance with the Environmental, Social and Governance Reporting Guide in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) issued by The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) in order to disclose the Company’s comprehensive performance of actively fulfilling its social responsibilities while creating value for shareholders and customers. The Company has complied with all the “comply or explain” provisions set out in the Environmental, Social and Governance Reporting Guide.

(V) Data Sources

The data and information used in this Report are extracted from various internal documents, records and statistics of the Company, and there are no false records, misleading statements or major omissions.

(VI) Release Format

The Report is published in PDF electronic format at the HKEX news website of the Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company’s website (<http://www.luzhengqh.com>).

II. ABOUT THE COMPANY

(I) Introduction to the Company

The Company was established in 1995, formerly known as Shandong Quanxin Futures Brokerage Co., Ltd. (山東泉鑫期貨經紀有限公司). The Company completed its reorganization on 10 December 2012 and transformed itself into a joint stock limited company. On 7 July 2015, the Company was listed on the main board of the Hong Kong Stock Exchange with the abbreviation of “魯証期貨” in Chinese and “LUZHENG FUTURES” in English and the stock code of “01461”, becoming the first company listed on the overseas main board in the Chinese futures industry and the first company listed on the Hong Kong Stock Exchange that focuses on futures as well as achieving a breakthrough in becoming the first financial company in Shandong Province listed overseas.

The business scopes of the Group mainly cover commodity futures brokerage, financial futures brokerage, futures investment consulting, asset management, commodity trading, basis trading, warehouse receipt services, cooperative hedging business, market-making business, OTC derivatives business, information technology consulting services, and other business activities permitted by the China Securities Regulatory Commission (“CSRC”). The Company has trading seats in Shanghai Futures Exchange (上海期貨交易所), Zhengzhou Commodity Exchange (鄭州商品交易所), Dalian Commodity Exchange (大連商品交易所), the Shanghai International Energy Exchange Co., Ltd. (上海國際能源交易中心股份有限公司) and China Financial Futures Exchange (中國金融期貨交易所), and also serves as a general clearing member of China Financial Futures Exchange, a member of the second, third, fourth and fifth sessions of the council of China Futures Association and the chairman of Shandong Futures Association.

The Company has always adhered to the business philosophy of “the control of compliance risks, the benefits of customers, the value of talents and innovation are paramount” and gradually strengthened the necessary functions and positioning of financial intermediaries, and it also regards serving real-economy enterprises and financial institutions as a strategic focus of business development to continuously improve the ability and level of serving the real economy.



(II) Recognitions and Honours

During the Reporting Period, the Company won the following awards and recognitions:

- “China’s Best Futures Company (中國最佳期貨公司)”, “China’s Futures Company Management Team Gold Award (中國期貨公司金牌管理團隊獎)”, “Best Targeted Poverty Alleviation Charity Award (最佳精準扶貧公益獎)”, “Best Corporate Brand Building Award (最佳企業品牌建設獎)”, “Best Investor-education Company of the Year (年度最佳投資者教育工作獎)”, “China’s Golden Futures Research Institute (中國金牌期貨研究所)”, “Best Futures IT System Construction Award (最佳期貨IT系統建設獎)”, “New-comer Award for Internationalization of Futures Companies (期貨公司國際化進程新銳獎)”, “Best Futures Derivatives Comprehensive Service Innovation Award (最佳期貨衍生品綜合服務創新獎)” and “Best Risk Management Subsidiary Service Award (最佳風險管理子公司服務獎)” in the 12th session of selection of China’s best futures enterprises.
- “Excellent Financial Products for New and Old Kinetic Energy Conversion in Shandong Province in 2019 (2019年山東省新舊動能轉換優秀金融產品)” conferred by the People’s Bank of China Jinan Branch, Shandong Provincial Department of Finance, the Local Financial Supervision Bureau of Shandong Province, Shandong Banking and Insurance Regulatory Bureau and Shandong Securities Regulatory Bureau.
- Title of “Provincial Civilized Unit (省級文明單位)” conferred by Shandong Provincial Spiritual Civilization Construction Committee.
- Title of “3.15 Integrity Financial Brand (3.15誠信金融品牌)” conferred by Dazhong Daily.
- Title of “2019 Excellent Member (2019年度優秀會員)” conferred by Shandong Futures Association.
- Title of “Poverty Alleviation Pioneer in Shandong Financial Industry Supporting Rural Rejuvenation (山東金融業助力鄉村振興‘扶貧先鋒’)”.
- “Excellent Member Gold Award (優秀會員金獎)”, “Excellent Industrial Service Award (優秀產業服務獎)”, “Excellent Institution Service Award (優秀機構服務獎)”, “Excellent Agricultural Products Service Award (優秀農產品服務獎)” and “Excellent Technical Support Award (優秀技術支持獎)” conferred by Dalian Commodity Exchange.
- “Excellent Member Platinum Award (優秀會員白金獎)”, “Industry Development Award (Stock Index Options) (產業拓展獎(股指期權類))”, “Business Innovation Award (業務創新獎)” and “Excellent Organization Award (優秀組織獎)” of the 7th “CFFEX Cup” National College Students Financial Knowledge Contest conferred by China Financial Futures Exchange.

- “Excellent Member Silver Award (優秀會員銀獎)”, “Aluminum Industry Service Award (鋁產業服務獎)”, “Lead and Zinc Industry Service Award (鉛、鋅產業服務獎)”, “Nickel Industry Service Award (鎳產業服務獎)”, “Gold Industry Service Award (黃金產業服務獎)”, “Steel Industry Service Award (鋼材產業服務獎)”, “Energy and Chemical Industry Service Award (能化產業服務獎)” and “Option Market Service Award (期權市場服務獎)” conferred by Shanghai Futures Exchange.
- “Talent Cultivation Outstanding Member Award (人才培育優秀會員獎)” and “Technical Support Outstanding Member Award (技術支持優秀會員獎)” conferred by Zhengzhou Commodity Exchange.

(III) Major Events on Social Responsibility

- The Company further improved the “Huachuan Model” and once again created an “insurance+futures” pilot project covering corn income in Huachuan County, Heilongjiang Province. The project covered a total of 327,500 mu of corn planting area, and provided corn farming farmers with an income guarantee of RMB952/mu. The amount of insurance protection reached RMB312 million. The project offered the county-wide coverage based on the principle of “guaranteeing as much as you wish to guarantee” and the total amount claimed in the project reached RMB87.8731 million with the compensation rate as high as 376%, providing effective guarantees to local corn farmers and consolidating the results of poverty alleviation.
- The Company donated a total of RMB1.1105 million to Makit County in Xinjiang Uygur Autonomous Region and Yanchang County in Shaanxi Province. At least more than 100 job opportunities have been created, and at least 40 poor households with registered cards have been lifted out of poverty.
- The Company purchased special agricultural products worth RMB729,200 from Huachuan County in Heilongjiang Province and Makit County in Xinjiang Uygur Autonomous Region, contributing to the poverty alleviation of farmers in poverty-stricken areas.



(IV) Key Stakeholders

In the process of formulating the environmental, social and corporate governance management systems and implementing environmental, social and corporate governance responsibilities, the Group is aware of the necessity of maintaining good communication with its stakeholders. To this end, the Group has determined the communication channels for five groups of stakeholders to ensure the effective conveyance of expectations and demands between the Group and its stakeholders. In addition, the Group has also evaluated the concerns of various stakeholders on environmental, social and corporate governance during the actual business operation.

Key stakeholder	Communication channel	Concern
Government and regulatory authorities	Major meetings, policy consultations, incident reports, institutional visits, official correspondence, information disclosure and regulatory inspection	Compliant operation Corporate governance Compliance with laws Paying taxes on time Implementing national policies Risk Management
Shareholders and investors	General meetings, information disclosure, investor visits and other exchange activities	Profitability Operation strategy Environmental protection Transparency of information disclosure Risk prevention and control
Employees	Employees' satisfaction survey, union activities and employees' training	Employees' remuneration and benefits Development and training opportunities Healthy work environment
Customers	Customer visits, visit and presentation, customer complaint hotline, publicity and education, the Company's website	Quality of service Protection of customers' rights and benefits Common development Popularization of financial expertise Business process
Community and the public	Charitable activities, pairing assistance, publicity and education and internship opportunities	Corporate social responsibilities Community relations Community investment and charitable activities Promotion of employment

III. GOVERNANCE

(I) Corporate Governance

The Company has always been committed to improving the level of corporate governance and regards corporate governance as an indispensable part of creating value for shareholders. With reference to the code provisions set out in the Corporate Governance Code and Corporate Governance Report (“CG Code”) in Appendix 14 to the Listing Rules, the Company has established a modern corporate governance structure composed of general meetings, the board of directors, the supervisory committee and the senior management that can effectively balance each other’s powers and operate independently, so that all of them can perform their duties within their respective responsibilities and authorities and assume their responsibilities to ensure the Company’s standardized operation. The Company has also adopted the CG Code as the basis for its corporate governance.

General meetings

During the Reporting Period, the Company held a total of two general meetings which had reviewed and approved 12 proposals. The convening of the general meetings has complied with the applicable legal procedures, and all shareholders have fully exercised their rights.

Board of directors

As of the end of the Reporting Period, the Company’s board of directors has a total of 10 directors, and there are five professional committees under the board of directors, including the Strategic Development Committee, Risk Control Committee, Audit Committee, Remuneration and Appraisal Committee and Nomination Committee. Such committees function under the leadership of the board of directors and provide advice on the decisions of the board of directors. During the Reporting Period, the Company held a total of 10 meetings of the board of directors which had reviewed and approved 41 proposals.

Supervisory committee

As of the end of the Reporting Period, the supervisory committee of the Company has a total of 7 supervisors. During the Reporting Period, the Company held a total of 4 meetings of the supervisory committee which had reviewed and approved 11 proposals.



(II) Compliant Operations

During the Reporting Period, under the continuous supervision and guidance of the regulatory authorities, the Company carefully planned and implemented the regulatory and self-discipline requirements, carried out various in-depth compliant work and continuously improved the Company's compliance management mechanism in strict accordance with relevant laws, regulations and standards, striving to enhance its control of compliance risks. The Company has established a sound compliance management structure. The Company has built a multi-level compliance management system, which is composed of the board of directors, the risk control committee under the board of directors, the chief risk officer, the compliance risk control department and the compliance and risk control posts of each branch. The audit work is carried out specifically under the leadership of the chief risk officer. The Company will set up compliance risk control posts in time when new departments and branches are established, which is guided by the compliance risk control department and shall report to it on compliance management and risk management. Responsibilities at all levels are clear with smooth communication and reporting paths.

Paying attention to anti-money laundering and fulfilling anti-money laundering obligations

Based on the Anti-money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) and various requirements of notices and guidelines regarding anti-money laundering management from People's Bank of China, the Company has established specific anti-corruption policies, developed anti-money laundering internal control systems, and formulated systematic documents on anti-money laundering including the Anti-Money Laundering Internal Control System of LUZHENG FUTURES Company Limited (《魯証期貨股份有限公司反洗錢內控制度》), Administrative Measures on Customer Identity Identification and Customer Identity Data and Transaction Record Keeping of LUZHENG FUTURES Company Limited (《魯証期貨股份有限公司客戶身份識別和客戶身份數據及事務歷史記錄保存管理辦法》), Administrative Measures on Reporting of Large-Amount Transactions and Suspicious Transactions of LUZHENG FUTURES Company Limited (《魯証期貨股份有限公司大額交易和可疑交易報告管理辦法》), Administrative Measures on Customer Money Laundering and Terrorist Financing Risk Assessment and Classification of LUZHENG FUTURES Company Limited (《魯証期貨股份有限公司客戶洗錢和恐怖融資風險評估及分類管理辦法》), Administrative Measures on Anti-Money Laundering and Anti-Terrorist Financing Rapid Investigation and Asset Freezing of LUZHENG FUTURES Company Limited (《魯証期貨股份有限公司反洗錢及反恐怖融資快速協查及資產凍結工作管理辦法》), Administrative Measures on Self-Assessment of Money Laundering Risk of LUZHENG FUTURES Company Limited (《魯証期貨股份有限公司洗錢風險自評估工作管理辦法》), Administrative Measures on Anti-Money Laundering and Confidentiality of LUZHENG FUTURES Company Limited (《魯証期貨股份有限公司反洗錢保密工作管理辦法》), Administrative Measures on Anti-Money Laundering Trainings of LUZHENG FUTURES Company Limited (《魯証期貨股份有限公司反洗錢培訓工作管理辦法》), Administrative Measures on Anti-Money Laundering Publicity of LUZHENG FUTURES Company Limited (《魯証期貨股份有限公司反洗錢宣傳工作管理辦法》), Business Implementation Rules on Anti-Money Laundering of LUZHENG FUTURES Company Limited (《魯証期貨股份有限公司反洗錢工作業務實施細則》) and Anti-Money Laundering Guidelines for the Branches of LUZHENG FUTURES Company Limited (《魯証期貨股份有限公司分支機構反洗錢工作指引》).

The Company has established an anti-money laundering information technology system, and actively carried out anti-money laundering publicity to customers and the public. Through the above measures, the Company can effectively prevent the risks of money laundering, enhance the anti-money laundering awareness of the public, and strive to reduce the incidence of money laundering.

Strengthening integrity and honesty

The Company has strictly performed the responsibility for building the Party's moral integrity, and strengthened the sense of clean duty-discharging for all levels of employees. In anti-corruption work, the Company focuses on prevention and strengthening supervision. The Company has effectively integrated the prevention and mitigation of ideological and moral risks, position-related duty risks, business procedure risks and systematic mechanism risks into the daily operational management, and through signing a letter with members of management regarding earnestly, has fulfilled the "one post with two responsibilities" in building the Party's moral integrity. We have developed and improved the track record on the moral integrity of the management personnel at all levels, and formed a mechanism for all levels of personnel to implement the responsibility for the building of the Party's moral integrity, constantly enhancing the prevention and control of corruption risks. The Company has strengthened the supervision and inspection on key areas such as expenditure, selection and employment, key procedures and important positions. The Company constantly strengthens the control over management staff, in order to prevent unhealthy practices and corruption from sources. The Company has strengthened the moral integrity supervision mechanism, developed and improved the series of work systems for building the Party's moral integrity, improved the work process of supervision and disciplines, and expanded the channels for receiving letters and visits.

During the Reporting Period, the Company took the initiative to adapt to the new situations and requirements of the construction of Party's integrity and clean government, set up a full-time secretary of the disciplinary inspection committee, actively prepared to establish a disciplinary inspection office and strengthened the staffing of disciplinary inspection staff, aiming to meet the requirements of comprehensive and strict governance of the Party in the new era. The Company organized all Party members and management members above the middle level to visit the Provincial Prison's Warning and Education Center and the Provincial Integrity Warning and Education Museum and watch anti-corruption educational films six times throughout the year. Focusing on the themed educational activities of "Remain true to our original aspiration and keep our mission firmly in mind", the Company organized five special learning activities of "obey disciplines and observe rules" throughout the year, in a bid to guide the broad masses of Party members and cadres to further strengthen the ideological defense line, strictly observe the bottom line of disciplines and maintain integrity. The Company organized 11 collective learning activities for disciplinary inspectors throughout the year, focusing on strengthening Party's disciplines, regulations and policies, the spirits of building Party's style and clean government and case analysis and learning on violations, and continuously improving the comprehensive professional quality of the discipline inspection team. By focusing on increasing the "one-to-one" conversations with newly-adjusted Party cadres, the Company organized 23 pre-employment integrity talks and more than 10 talks with mid-level and above personnel throughout the year. During the Reporting Period, the Group's anti-corruption work was in good condition and no negative incidents occurred. No litigation regarding corrupt practices have been brought against the Company or the employees of the Company.



Holding an educational activity on the theme of “Remain true to our original aspiration and keep our mission firmly in mind” and anti-corruption educational activity for Party members and cadres

Protection of intellectual property rights

The Company strictly abides by the requirements of laws and regulations such as the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) and the Interim Administrative Measures for the Internet Advertising (《互聯網廣告管理暫行辦法》). Its product promotion and publicity activities are in compliance with relevant regulations, and also employs such laws to protect its legal rights and benefits. The Company respects and protects intellectual property rights. It uses authorized software and hardware products under the contracts, and pays attention to preventing intellectual property rights infringement risks in its business development and management. No major intellectual property rights infringement occurred during the Reporting Period.

Strengthening the safety management of funds

Pursuant to regulatory requirements such as the Regulations on the Administration of Futures Trading (《期貨交易管理條例》) of the State Council of China, the Measures for the Supervision and Administration of Futures Companies (《期貨公司監督管理辦法》) and the Interim Measures for the Closed Management of Customer Margins for Futures Brokerage Companies (《期貨經紀公司客戶保證金封閉管理暫行辦法》) of the CSRC, the Company has formulated and implemented the Administrative Measures of Special Funds (《資金管理辦法》), the Administrative Measures on Safe Depositing of Customer Margins (《客戶保證金安全存管管理辦法》), the Administrative Measures on the Investments and Implementation of Self-owned Funds (《自有資金投資實施管理辦法》) and other internal control policies.

Customers' futures trading margins are fully deposited in the Company's futures trading settlement bank account and are separated from the Company's own funds. Closed management is carried out and the funds in the closed circle are monitored by third parties from the China Futures Market Monitoring Center, so that the safety of customers' funds can be effectively guaranteed.

All investment activities of the Company are in compliance with relevant national laws, regulations and industrial policies as well as the Company's long-term development plans and strategies, and are conducive to expanding the Company's main businesses and sustainable development and improving the Company's overall economic interests.

Keeping the information systems safe

Pursuant to regulatory requirements such as the Regulations on the Administration of Futures Trading (《期貨交易管理條例》) of the State Council of China, the Measures for the Supervision and Administration of Futures Companies (《期貨公司監督管理辦法》) and the Measures for the Administration of Information Security Protection of the Securities and Futures Industry (《證券期貨業信息安全保障管理辦法》) of the CSRC, the Company has formulated internal control systems such as the Information Systems Management Measures of LUZHENG FUTURES Company Limited (《魯証期貨股份有限公司信息系統管理制度》), the Safe Information Systems Management Measures of LUZHENG FUTURES Company Limited (《魯証期貨股份有限公司信息系統安全管理辦法》) and the Safe Online Trading Management Measures of LUZHENG FUTURES Company Limited (《魯証期貨股份有限公司網上交易安全管理辦法》) to ensure the safe and stable operation of the Company's core business system and customer transaction system.

Paying attention to the protection of investors' rights and benefits

The Company has formulated the Investor Education System of LUZHENG FUTURES Company Limited (《魯証期貨股份有限公司投資者教育制度》) pursuant to the Guidelines for Futures Investors Education (《期貨投資者教育工作指引》) and the Measures on the Appropriateness Management of Securities and Futures Investors (《證券期貨投資者適當性管理辦法》), and has actively guided investors to establish rational investment concepts and improve risk prevention awareness, effectively protected the legitimate interests and benefits of investors, actively organized educational activities for investors, and constantly regulated and optimized its work on investor appropriateness management and investment education of investors. Through organizing relevant trainings and examinations, the Company has enhanced the ability of its branches to effectively implement the management of investor appropriateness and customer transaction behaviors.

In 2019, the Company organized 83 investor education activities, guiding more than 5,600 investors on-site to build up proper investment concepts. Various branches of the Company prominently posted, hanged or displayed warnings related to prevention of illegal fundraising, rational investments and anti-money laundering activities in business premises, guiding investors to raise risk prevention awareness and effectively safeguard their own legitimate interests. The Company actively cooperated with Shandong University and Shandong University of Finance and Economics to conduct a total of 8 special training activities, which had carried out investor education and protection work targeting young groups and further enhanced the penetration, radiation and influence of the investor protection awareness.



Holding on-site seminars to guide investors to establish the right investment philosophy, raise awareness of risk prevention and protect their legitimate rights and interests

Pursuant to regulatory requirements such as the Regulations on the Administration of Futures Trading (《期货交易管理条例》) of the State Council of China, the Measures for the Supervision and Administration of Futures Companies (《期货公司监督管理办法》) and the Measures for the Administration of Information Security Protection of the Securities and Futures Industry (《证券期货业信息安全保障管理办法》) of the CSRC, the Company has formulated and implemented internal control systems such as the Customer File Management Measures of Brokerage Business of LUZHENG FUTURES Company Limited (《鲁证期货股份有限公司经纪业务客户档案管理办法》), Archives Management Measures of Asset Management Business of LUZHENG FUTURES Company Limited (《鲁证期货股份有限公司资产管理业务档案管理办法》), the Confidentiality Measures of Asset Management Business of LUZHENG FUTURES Company Limited (《鲁证期货股份有限公司资产管理业务保密办法》) and the Security Management Measures of Information System Data of LUZHENG FUTURES Company Limited (《鲁证期货股份有限公司信息系统数据安全管理办法》). Customer files are the Company's confidential information. The Company has set up the file maintenance department and data access procedures and assigns system permissions according to the principles of minimization, business and technology separation to effectively protect customer privacy.

Enhancing customer satisfaction

The Company adheres to focus on satisfying customers' needs, and has constantly optimized the supporting system of customer services, improved the construction of customer service systems, enhanced its capability in offering customer services and placed a strong emphasis on customers' needs and asset allocation, optimized business procedures, and strengthened business innovation, in order to provide diversified business services to customers.

The Company actively and timely solves customers' problems in major daily work such as customers' consultation, return visits to customers, customers' complaints. Through communicating with customers, the Company timely identifies issues on service procedures and systems, and reports them to relevant departments for handling. In 2019, the Company handled a total of 12,658 customer phone calls and 1,940 return visits to customers, with the customer satisfaction rate reaching 98%. The Company has conducted follow-up monitoring for phone calls showing dissatisfaction from customers, and timely rectified issues caused by customer service staff's improper handling of problems, in a bid to prevent re-occurrence of issues. At the same time, based on the questions raised by customers, the Company has analyzed customers' behavior habits and summarized customers' FAQ, with an aim of serving customers before such services are demanded by customers.

IV. ENVIRONMENT

The Group is a low-energy-consumption financial enterprise with slight-pollution. The main impacts on the environment in the ordinary course of business of the Group are the consumption of paper, electricity and water and the emission of automobile exhausts. In the daily operations, the Group strictly abides by the relevant state environmental protection laws and regulations such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》). The Group actively promotes environmental protection concepts and puts them into action. During the Reporting Period, there was no environmental protection issue and related litigation.

(I) Green Operation and Environmental Protection

The Group advocates green office, and actively adopts measures to reduce resource consumption and energy consumption. The Group's resource consumption mainly includes water consumption, electricity consumption and vehicles' gasoline consumption. The Group has implemented paperless electronic office procedures and systems, encouraging the use of double-sided printing to reduce the use of paper and saving office supplies. The Group has actively used video conferencing systems to reduce the frequency of business trips and made reasonable plans for business-purposed use of cars, conserving resources to a maximum level and building an environment-friendly enterprise. The Group designates property staff to inspect and turn off or turn down the night lighting system. Through the guidance and publicity of the Group, the employees of the Group actively adopted the electronic office processes and systems to deal with work matters in 2019. The Group also actively adopted teleconference or video conferencing to reduce the frequency of unnecessary business trips.

The Group's emissions are mainly greenhouse gases generated from energy consumption as well as non-hazardous wastes such as sewage and wastes generated from daily office operations. Among which, greenhouse gases emissions are mainly from the following carbon dioxide emissions: (i) carbon dioxide emissions caused by gasoline combustion by business cars, and (ii) carbon dioxide emissions caused by use of purchased electricity. Different from traditional production enterprises, the Group mainly engages in financial services. The current related emissions are discharged in the ordinary course of business and there is no excessive emission caused by excessive use of energy or other resources. The Group is committed to promoting energy conservation and emission reduction within the Group by shaping an environment-friendly corporate culture.

(II) 2019 Environmental Performance Indicators

Due to the availability and accuracy of data, the environmental performance indicators¹ in this Report only covered the Company's headquarters, Luzheng Capital Management Co., Ltd. (魯証資本管理有限公司) (formerly known as Luzheng Trading Co., Ltd. (魯証經貿有限公司)) and Luzheng Information Technology Co., Ltd. (魯証信息技術有限公司).

Emissions

Indicator	Unit	2019 data
Total greenhouse gas emissions ²	tonne	310.14
Per capita greenhouse gas emissions	tonne/person	1.09
Direct emissions	tonne	12.05
Total greenhouse gases generated by gasoline	tonne	12.05
Per capita greenhouse gases generated by gasoline	tonne/person	0.04
Indirect emissions	tonne	298.09
Total greenhouse gases generated by electricity consumption	tonne	298.09
Per capita greenhouse gases generated by electricity consumption	tonne/person	1.05
Generation of domestic sewage ³	tonne	1,585.25
Per capita discharge of domestic sewage	tonne/person	5.58
Generation of hazardous wastes ⁴	tonne	0.47
Per capita generation of hazardous wastes	tonne/person	0.002
Generation of non-hazardous wastes ⁵	tonne	0.75
Per capita generation of non-hazardous wastes	tonne/person	0.003

The Group's main hazardous waste emissions are due to the direct use of gasoline, leading to the emission of sulfur oxides. The Group's procurement of business vehicles and gasoline-filling services for corporate business vehicles has actively responded to the Air Pollution Prevention Action Plan (《大氣污染防治行動計劃》) issued by the State Council of China. The Group procures vehicles and gasoline fulfilling environmental protection requirements to improve emission quality and reduce the negative impact on the environment. In terms of non-hazardous wastes discharge, the Group uniformly delivers the wastes to the waste collection station in relevant regions. Through paid recycling, environmental pollution can be reduced to improve the recycling of materials.

¹ Based on the statistical scope, the total number of employees at the end of the Reporting Period was 284.

² According to the business characteristics of the Group, the main emission is carbon dioxide contained in the greenhouse gases.

³ Referring to the National Standards of Urban Sewage Engineering Planning Specification (《國家標準城市排水工程規劃規範》), the figure was arrived at by adopting 0.85 as the discharge coefficient.

⁴ It is mainly due to the sulfur oxides generated by direct consumption of gasoline.

⁵ It is mainly due to office-generated paper waste and subscribed newspapers. The toner cartridges of the Group are recycled through re-filling, so substantially little waste is generated.

Resource consumption

Indicator	Unit	2019 data
Direct energy consumption	liter	5,932
Gasoline consumption	liter	5,932
Per capita gasoline consumption	liter/person	20.89
Indirect energy consumption	kWh	918,790
Office electricity consumption	kWh	918,790
Per capita office electricity consumption	kWh/person	3,235.18
Total amount of office copying paper and newspaper	tonne	0.75
Per capita office copying paper and newspaper consumption	tonne/person	0.003
Water consumption	tonne	1,865
Per capita water consumption	tonne/person	6.57
Cartridge consumption	piece	257
Newly replaced	piece	92
Filling powder	piece	165
Per capita cartridge consumption	piece/person	0.9

Different from traditional production enterprises, the Group is mainly engaged in financial services instead of specific production activities. Therefore, relevant regulations and related key performance indicators for packaging materials used in finished products are not applicable to the Group.

(III) Practising Energy Saving and Emission Reduction Starting with Details

The Group actively advocates and practices environmental protection and green development concepts.

The Group actively creates a paperless office environment and uses the office automation management system (OA system) to publish announcements and notices, disseminate company news, communicate policies and regulations, share research reports as well as standardize business processes and intra-company mailings, greatly improving the management efficiency, reducing operating costs and saving numerous paper for printing office documents. The Group encourages the use of double-sided paper for copying and printing at work. Papers that are used on one side should be reused and recycled. The Group also replaced disposable cups with glass cups with the logo of the Group.



The Group has established a corporate system and related notices stating that in purchasing and applying electrical equipment in the workplace, we should comprehensively evaluate the power consumption and select nationally certified low-energy appliances. The Group's offices shall use energy-saving lamps for lighting. When lighting is sufficient, rooms will be opened at intervals for maximum reduction of electricity consumption. The Group also designates personnel to check if all appliances are turned off during non-working hours except the ones ensuring the normal operation of the Group. The management of equipment in the information technology rooms has been strengthened. Low-energy consumption and high-efficiency equipment will replace high-energy consumption and low-efficiency equipment provided that the normal functioning is guaranteed. The Group comprehensively promotes a system of 26-degree air conditioning in summer and 24-degree air conditioning in winter. For necessary office equipment such as printers, copiers, fax machines and shredders, the Group establishes and implements a networked sharing and idle-time shutdown system. The Group prohibits the use of non-office appliances with high-power consumption.

The Group has slogans at prominent locations in washrooms and pantries of all departments and branches of the headquarters to promote environmental protection and water conservation for all employees. All departments and branches are required to designate specialized personnel to conduct regular inspections to prevent water wastage caused by equipment failure. According to irregular inspections by the general office of the Company, excessive use and waste of water were not found in 2019, and there are no issues in sourcing water.

The Company has established a specific vehicle-use system and strictly controls the use of vehicles through mileage fuel consumption registration. Centralized management and unified deployment of the Company's vehicles and drivers will improve the vehicle-use efficiency and reduce energy consumption and pollutant emissions. The system clearly requires that all vehicles of the Company are out of use during non-office and holiday periods. Branches of the Company are required to provide proof regarding the out-of-use vehicles of the Company. The Company actively promotes the use of environmentally-friendly or public transport when employees are on business trips and encourages employees to use shared transportation for travelling within the same city while ensuring safety.

During the Reporting Period, the Company did not encounter any environmental service incidents and did not receive any complaints, penalties and sanctions due to environmental pollution.

V. SOCIAL

(I) Employment Management

In the handling of termination of employment, the Group has complied with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and the relevant provisions of signed labor contract and applicable labor regulations. The Group has established standardized employee recruitment and termination procedures. The Group adheres to the principle of “equal opportunities, fair competition, comprehensive assessment and merit-based hiring” during the recruitment procedures, and has established a comprehensive internal assessment and performance appraisal mechanism to ensure fair promotion opportunities for employees. Employees enter into a labor contract with the Group at the beginning of employment, and the working hours of the Group's employees are in compliance with requirements of relevant laws and regulations. If employees have decided to terminate the employment for personal reasons, they can submit application for termination of employment. After the completion of termination procedures, they can terminate the employment with the Group. When the Group takes the initiative to terminate or suspend labor relationship with employees, the Group would fulfill the obligation of prior notice in accordance with relevant laws and regulations.

The Group is in strict compliance with labor regulatory requirements. The Group does not hire child labor and forced labor, and provides employees with reasonable holidays. During the Reporting Period, the Group was not aware of any incidents of non-compliance with labor standards such as hiring child labor and forced labor.

Composition of employees

	Indicator	Unit	2019 data
Total number of employees		person	519
By gender	Male	person	332
	Female	person	187
By employment type	Contract employee	person	519
	Others	person	0
By age group	Under 30 years	person	152
	31 – 35 years	person	158
	36 – 40 years	person	104
	41 – 45 years	person	51
	Over 45 years	person	54

Staff remuneration and benefits

The employee remuneration of the Group comprises basic salary, bonus, performance-based salary, special reward and insurance benefits. Basic salary is determined based on consolidated factors such as job duties, responsibilities, operation scale, salary offered by peers, the area where the business of the Group is located, as well as knowledge and experience of the employee. Performance-based salary, which aimed at motivating a salesperson to generate income, is calculated based on performance of a salesperson.

The Group and its employees made contribution to various social insurance plans and housing provident fund in accordance with relevant provisions of the PRC. The relevant social insurance plans and housing provident fund are managed by local competent authority.

Actively nurturing and attracting financial talents

The Company explores a variety of recruitment cooperation methods to increase the introduction of talents. During the Reporting Period, the Company recruited 4 fresh graduates from tertiary institutions and 32 persons through public recruitment. The Company actively communicated with the Talent Service Bureau, the Financial Work Office and other departments to deepen the cooperation with universities. During the Reporting Period, it participated in the campus recruitment organized by the Jinan Municipal Talent Service Bureau. According to the social needs of combining production, studies and research, the Company has actively taken tertiary institution students for training and practice for enhancing students' practical ability and strengthening students' competitiveness for employment. During the Reporting Period, the Company has taken 7 tertiary institution students for training and practice.

In 2019, the Company actively participated in the seventh session of “CFFEX Cup” (中金所杯) financial knowledge contest for national tertiary students and the second “ZCE Cup” (郑商所杯) undergraduate simulation trading contest held by China Financial Futures Exchanges, Zhengzhou Commodity Exchange and China Futures Association. Actively working with the two tertiary institutions of Shandong University and Shandong University of Finance and Economics, the Company promoted and encouraged students to register through school websites, internal information announcement system, campus talks, etc. A total of over 500 current students from Zhongtai Securities Institute for Finance Studies, Institute for Economic Studies, School of Mathematics, School of Economics and School of Management of Shandong University and School of Finance, School of Mathematics and Quantitative Economics and School of Economics of Shandong University of Finance and Economics participated in talks and training sessions, which had positive impact on the training of futures market talents.



Winning the excellent organizational prize of the seventh session of “CFFEX Cup” (中金所杯) financial knowledge contest for national tertiary students

(II) Health and Safety

The Group adheres to people-oriented approach, emphasizing on its care to the health and safety of employees with an objective to optimize employee health protection mechanism, while earnestly implementing safety drills and educational training.

Caring for employees

The Group organizes employees for annual medical examination in Grade III Class A hospitals, providing supplementary medical protection for all employees and ensuring the health of employees. The Group has strictly implemented the provisions of relevant laws and regulations and maintain various social insurance for employees, including basic pension insurance, basic medical insurance, unemployment insurance, work injury insurance and maternity insurance, etc. At the same time, the Group has maintained housing provident fund for employees with housing provident fund administrative authorities in Jinan City, Shandong Province, the PRC and cities where various branches are located. The Group fully protects the legitimate rights and interests of employees and strictly enforces statutory holidays and vacations in accordance with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) and relevant laws and regulations, including paid annual leave, leave of absence, sick leave, work injury leave, marriage leave, bereavement leave, maternity leave and paternity leave.

Safeguarding the health and safety of employees

The Group earnestly implements instructions of the higher-level safety production regulations and fully implements the responsibility of the Group's safety production. It has strengthened internal enterprise management and carried out safety and stability maintenance work to provide employees with a safe and healthy working environment. It adheres to the principle of "precaution comes first with active prevention", and has established a sound system and improved measures in order to fulfil responsibilities. It has earnestly implemented the work approach on fire-fighting of "precaution comes first with a combination of prevention and fighting", and strengthened training to all staff on fire-fighting knowledge and management of internal fire-fighting facilities and equipment. It has formulated emergency response measures, held safety production emergency rescue drills and amended and constantly improved emergency plans. In accordance with the principles of "one post with two responsibility" and "territorial management", the Group comprehensively investigates the stability risks through visits, formulates a "zero report" reporting system and timely handles various kinds of emergencies to prevent incidents which affect social stability. It has also enhanced security and fire safety awareness of employees through organization of staff safety training and assessment methods. During the Reporting Period, the Group has not experienced any incidents involving information technology system, security and health and safety responsibilities.

In November 2019, in order to further strengthen safety production publicity and education work, firmly establish the concept of safety development and comprehensively enhance employees' safety awareness, the Group organized the "Safe Production Month" activity. The training and knowledge testing of the two systems in safety and production for all employees was also carried out. The safety concept of employees was continuously improved.

Occupational health and safety performance indicators

	Unit	2019 data
Number of work-related fatalities	person	0
Number of working days lost due to work-related injuries	day	0

Organizing various cultural and sports activities

Initiate a variety of cultural and sports activities loved by the employees, amply show the proactive and dedicative spirit of the majority of employees, deeply enhance the cultural connotation of the employees, stimulate a sense of belonging and pride of the employees, build a rich “clean, honest, united, peaceful” culture.

With physical fitness enhancement as the base, actively initiate sports activities. The Company organized employees to participate in the cultural performance held by Zhongtai Securities multiple times and won the first prize and was honoured as “Excellent Organizational Unit”; the Company’s basketball representative team won the “5th place in the team competition” in the first “Basketball Friendship Match of Shandong Securities and Futures Industry”; actively participated in the table tennis contest held by Zhongtai Securities, the employee sports competition held by Zhongtai Securities, “Badminton Contest for Employees of the Capital Market in Shandong Province” yielded excellent results; organized the walking activity for employees multiple times, organized the Chinese New Year Gathering. The success of various activities raised a trend of fitness in the Company, stimulated the hard-working and proactive sense of the employees of the Company, strengthened the cohesion of the Company, expanded the external advertisement and enhanced the brand building ability of the Company.



Passion gathers strength – the successful organization of themed team building activity



Participation in the 4th employee sports competition held by Zhongtai Securities, yielding excellent results



Participation in “Zhongtai Securities Cup”
Table Tennis Invitational Tournament



“Energetic Fitness Strengthen Your Will and Make a New
Era of Meritorious Service” theme walking activity

With spiritual enhancement as the goal, provide rich and colourful cultural activities. The Company organized theme essay and speech competitions, such as the “I grew up with the Company”, “Victory lies in execution and responsibility-consciousness”, “Employee Reading Month”, “Shouzheng Chuangxin, Jingye Duxing”; organized activities for celebrating the “March 8” international Women’s Day, female employees’ rights protection month activity, “Celebration of the 70th anniversary of the founding of the new China” works collection activities, “Large scale poetry recitations”, “Celebration of the 70th anniversary of the founding of the new China – Shandong Capital Market” singing contest and other activities. It further strengthened the cohesion and unity of the Company, cultivated the team spirit, collective sense of honour and responsibility of the employees.



Organized activities for celebrating the “March 8” international Women’s Day



Participation in “Celebration of the 70th anniversary of the founding of the new China – Shandong Capital Market” singing contest



Organization of “Shouzheng Chuangxin, Jingye Duxing” keynote speech competition

(III) Development and Training

The Group attaches great importance to employees' diversified development and actively promotes daily communication. The Group promotes the development of employees through formulating strict training programs, fully developing their talents. The Group pays attention to the training of leadership and management functions for senior employees, expanding their international perspectives, enhancing their ability for change management, ability for strategic analysis, ability for operational management, ability for managing synergy among business departments, ability for risk prevention and comprehensive cultural quality, etc., in order to train high-quality corporate operation managers. The Group adheres to the training of executive ability and professional skills for middle-level employees, striving to enhance their professional theoretical standards, ability for execution of business strategies, organizational ability and ability for business innovation, etc. The Group pays attention to training for professional development and general skills training for entry level employees, strengthening training on corporate and business operations, work procedures, regulations and policies, etc., enhancing their professional communication skills, capability in offering customer services, teamwork and office operations, etc.



Success in holding the first session of "Sailing Program" (启航计划)

During the Reporting Period, the Company held more than 70 internal trainings, including new businesses and new varieties, information technology, asset management, options, risk management, compliance, risk control, new employee training. The training centered on the work needs of employees and the needs for business development. Certain staff were selected by the Company to participate in more than 70 out-of-office trainings organized by the Futures Exchange, the CFA, the Shandong Futures Association, and the Futures Industry Organization. The training is mainly carried out from the following aspects: firstly, the test-driven approach was used to organize employees to learn the Company's rules and regulations and get tested and conduct daily training and tests for more than 20 times on the E-learning platform at a frequency of once a month initially to at least once a week subsequently, so that employees were more impressed with training content during a period of time; secondly, the online and offline courses were organically combined to focus on developing new varieties and train key varieties; thirdly, the Company carefully designed courses to cultivate composite key account managers; fourthly, the Company increased management training and improved management efficiency; fifthly, the E-Learning platform continued to provide online training to the Company's back-office employees and marketing employees. As at 31 December 2019, total study time was over 36,000 hours. The situation was significantly improved compared with that of 2018 where the total study time was over 30,000 hours. The Company organized 24 micro-courses. From the perspective of the effect, the E-Learning network training platform is playing an increasingly positive role in promoting various types of business learning and re-using high-quality training resources.



Organization of employee training and learning activities – unleash the spirit of model workers to help innovative development of the Company

Employee training indicators

	Indicator	Unit	2019 data
Percentage of trained employees by gender	Male	%	64.4
	Female	%	35.6
Percentage of trained employees by employee category	Senior management	%	2.2
	Middle management	%	14.2
	Entry level employees	%	83.6
Average number of training hours per employees by gender	Male	hours/person	43.27
	Female	hours/person	47.25
Average number of training hours per employees by employee category	Senior management	hours/person	24
	Middle management	hours/person	36
	Entry level employees	hours/person	48

(IV) Supply Chain Management

Due to its business nature, as a financial institution, the main types of suppliers of the Group include law firms, accounting firms, asset valuers, information technology companies and suppliers of office supplies etc. The Group is fair and just when conducting procurement activities. In the selection of partners, the Group would fully consider the business reputation of suppliers and whether they had any illegal acts, non-compliance and significant legal disputes in the past, and at the same time, conduct effective qualification assessment on suppliers against specific standards such as their ability, experience, qualification, reputation, financial condition and quality assurance system.

During the Reporting Period, the Group was not aware of any significant actual or potential negative impact of suppliers in respect of business ethics, environmental protection, etc.

(V) Target Poverty Alleviation

During the Reporting Period, the Group continued to carry on the unified work planning of the Party Central Committee, the State Council of China and the CSRC on poverty alleviation the Group continued to carry on the unified work planning of the Party Central Committee, the State Council of China and the CSRC on poverty alleviation and responded to the initiative of the China Futures Association for the futures industry to serve the national poverty alleviation strategy. Since 2016, the Group invested poverty alleviation funds of more than RMB50,000,000 in total (part of the funds was supported by exchanges) and participated in poverty alleviation activities. The Group signed pairing assistance agreements with 6 national poverty-stricken counties, namely Huachuan County of Heilongjiang Province, Mengla County of Yunnan Province, Yanchang County of Shaanxi Province, Makit County of Xinjiang Uygur Autonomous Region, MoQi of Inner Mongolia Autonomous Region and Qin'an County of Gansu Province. In addition, the Group actively utilized its own various advantages in terms of profession and resources, to provide assistance in professional poverty alleviation, industrial poverty alleviation, consumer poverty alleviation and other areas within its ability to poor regions, achieving solid results in poverty alleviation works.

Professional poverty alleviation

After the full coverage of “insurance + futures” corn cultivation in the whole county of Huachuan County, Heilongjiang Province in 2018, in 2019, the Group further optimized the pilot mode. The Group will introduce income insurance to Huachuan County, conduct internal core upgrade to “Huachuan Model”, and once again create the corn income “insurance + futures” pilot covering the entire county. The project covers an aggregate area of corn plantation 327,500 mu. The corn farmers receive income assurance of RMB952 per mu, with insurance coverage amounting RMB312,000,000, achieving “insuring as much as you wish”. When the project reaches maturity, the final total claim amount will be RMB87,873,100, with a loss ratio of up to 376%. This provides sufficient guarantee to the local corn farmers and consolidates the results of poverty alleviation.



The “insurance + futures + basis purchase” Huachuan Model being selected as the “Qianhai Excellent Financial Innovation Case in 2019”

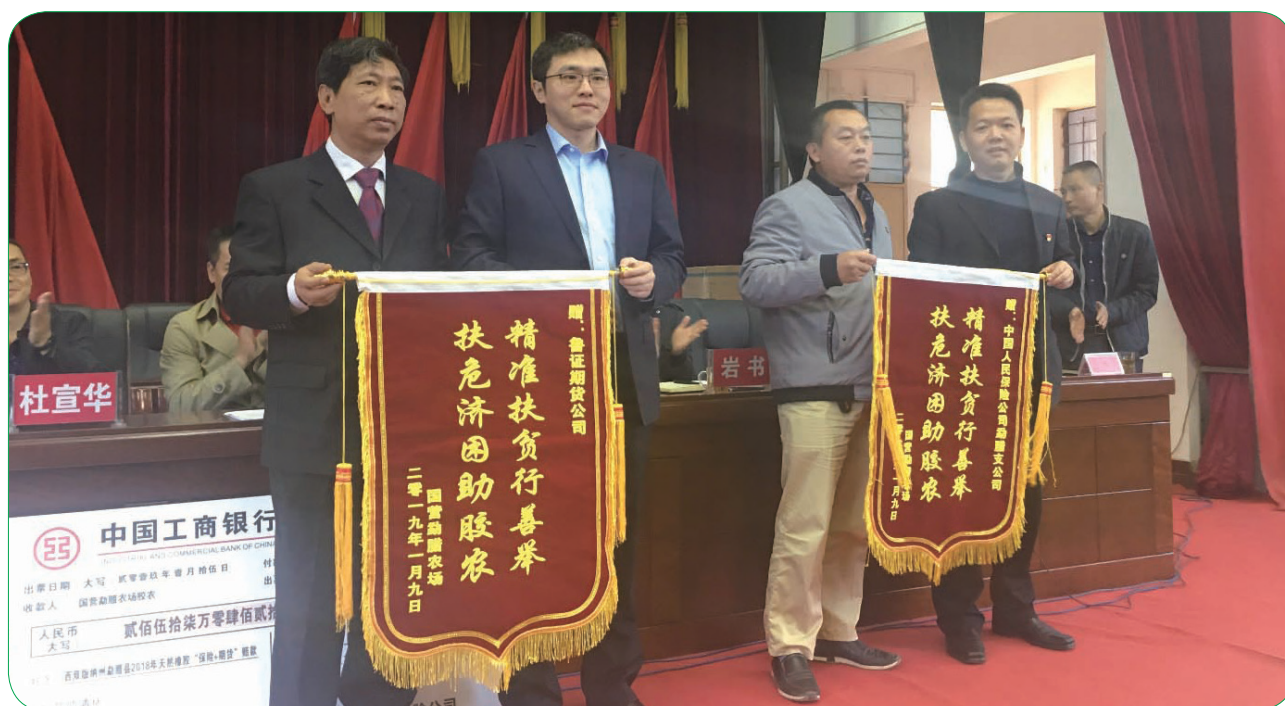


Honoured with the title of “Poverty Alleviation Pioneer in Rural Rejuvenation” of Shandong Financial Industry

Actively cooperating with the reform program of cotton price subsidies in Shandong Province, the Group initiated the first batch of “insurance + futures” pilot programs in a total of 6 counties, namely Pingyin County, Dongying District in Dongying City, Shouguang City, Yutai County, Xiajin County and Wucheng County, covering major cotton plantation areas such as Southwest and Northwest of Shandong Province. The policy is implemented in the entire counties, involving a cotton plantation area of 406,400 mu, equivalent to an output of 32,500 tonnes, representing 15% of the total output of cotton in the whole province. This pilot is the only “insurance + futures” project with a large-scale pilot in China for cotton breeds in 2019. It is the project with the most counties covered by “insurance + futures” initiated by a single futures firm. The premium does not rely on any exchanges. Instead, it runs on full subsidies with the local governments, leading the local governments’ exploration of financial subsidies “insurance + futures” Model.

The Group has used the “insurance + futures” Model to help poverty alleviation of Mengla County of Yunnan Province for the past three years. In 2019, the project covered an area of 40,000 mu and a scale of 4,000 tonnes, providing price guarantee for more than 3,800 farmers. The total premium was RMB2,700,000 and the insurance coverage amount was RMB45,970,000. In order to achieve better guarantee effect, the Group specifically designed the product of “guaranteed indemnification + portfolio options” upon communicating with insurance companies and local governments. The project finally achieved better effect with compensation of RMB1,880,000, protecting the vital interests of the rubber farmers. The project received high recognition from the local county governments and the farmers. The pilot project achieved the expected goal at last.

Leveraging its own professional advantages, the Group initiated a natural rubber OTC options industrial poverty alleviation pilot project in four national poverty-stricken counties in Yunnan Province, covering a quantity of 2,300 tonnes and a planting area of approximately 38,300 mu. In the end, the pilot project provided a total of indemnification of RMB1,933,200, with a loss ratio of approximately 105%. It protected the plantation revenue of the rubber farmers and promoted healthy development of the local industry.



“Help poverty alleviation and charity with precision, help the rubber farmers in crisis and need”

The Group initiated the “apple insurance + futures precise poverty alleviation” pilot project in Qin'an County of Gansu Province. The Group donated RMB100,000 as premium subsidy. The project involved apples weighing 300 tonnes, providing contribution to the local poverty alleviation.



The signing ceremony of the Qin'an County "Financial Support for Poverty Alleviation" pilot project cooperation agreement

The Group actively initiated the soybean price insurance pilot project in MoQi of Inner Mongolia. In 2019, the project covered soybean weighing 15,000 tonnes, with an area of more than 110,000 mu, providing more than RMB1,070,000 indemnification for 18 farmers in the end. The Group won recognition from the MoQi government, and the farmers obtained guarantee through the financial innovation model.

Industrial poverty alleviation



The Group donated RMB1,000,000 to Makit County of Xinjiang Uygur Autonomous Region for enhancing the capacity of its red date processing production line. The project can create at least more than 100 job positions, capable of helping at least 40 local registered poverty-stricken households to get rid of poverty.

The Group donated RMB110,500 to the people's government of Yanchang County of Shaanxi Province, driving the initiation of "agricultural technology to the countryside" training activities. The activities were intended to help Yanchang County to cultivate 160 farmer technicians and achieve the overall improvement of its fruit tree planting technology, so as to accelerate the county's transformation and upgrading of the fruit industry, implement standardized management, and to consolidate its achievements made in Yanchang County by fostering poverty alleviation through industry development.



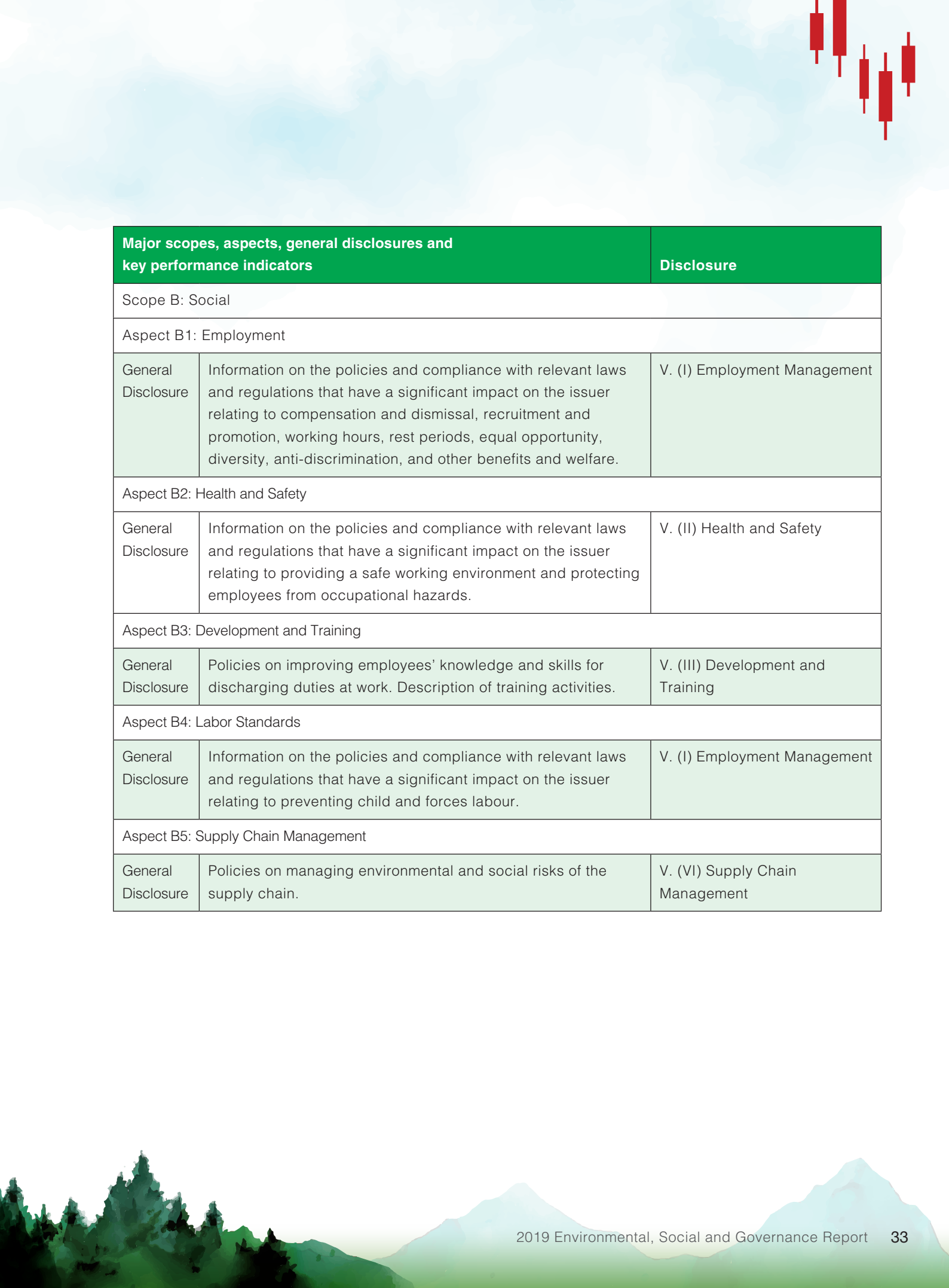
Consumer poverty alleviation

During the Reporting Period, the Group purchased special agricultural products from Huachuan County of Heilongjiang Province and Makit County of Xinjiang Uygur Autonomous Region for a total of RMB729,200, providing contribution to the poverty alleviation for farmers in poor regions.

VI. CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE OF THE HONG KONG STOCK EXCHANGE

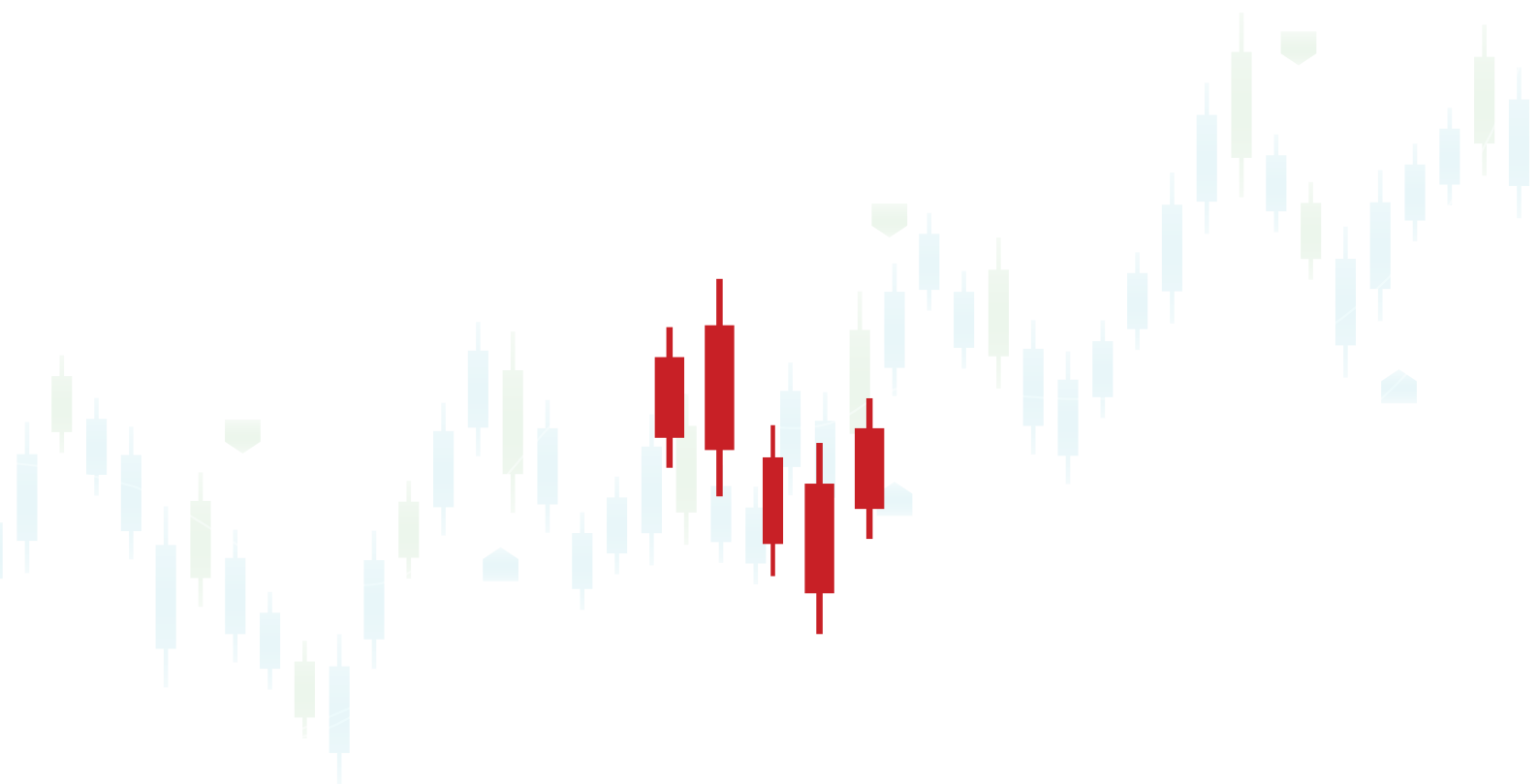
Major scopes, aspects, general disclosures and key performance indicators		Disclosure
Scope A: Environmental		
Aspect A1: Emissions		
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to waste air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	IV. (I) Green Operation and Environmental Protection IV. (II) 2019 Environmental Performance Indicators
A1.1	The types of emissions and respective emissions data.	IV. (II) 2019 Environmental Performance Indicators
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	IV. (II) 2019 Environmental Performance Indicators
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	IV. (II) 2019 Environmental Performance Indicators
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	IV. (II) 2019 Environmental Performance Indicators
A1.5	Description of measures to mitigate emissions and results achieved.	IV. (II) 2019 Environmental Performance Indicators IV. (III) Practising Energy Saving and Emission Reduction Starting with Details
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	IV. (II) 2019 Environmental Performance Indicators IV. (III) Practising Energy Saving and Emission Reduction Starting with Details

Major scopes, aspects, general disclosures and key performance indicators		Disclosure
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	IV. (I) Green Operation and Environmental Protection IV. (II) 2019 Environmental Performance Indicators
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).	IV. (II) 2019 Environmental Performance Indicators
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	IV. (II) 2019 Environmental Performance Indicators
A2.3	Description of energy use efficiency initiatives and results achieved.	IV. (II) 2019 Environmental Performance Indicators IV. (III) Practising Energy Saving and Emission Reduction Starting with Details
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	IV. (II) 2019 Environmental Performance Indicators IV. (III) Practising Energy Saving and Emission Reduction Starting with Details
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	IV. (II) 2019 Environmental Performance Indicators
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	IV. (III) Practising Energy Saving and Emission Reduction Starting with Details
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	IV. (III) Practising Energy Saving and Emission Reduction Starting with Details



Major scopes, aspects, general disclosures and key performance indicators		Disclosure
Scope B: Social		
Aspect B1: Employment		
General Disclosure	Information on the policies and 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.	V. (I) Employment Management
Aspect B2: Health and Safety		
General Disclosure	Information on the policies and 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.	V. (II) Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	V. (III) Development and Training
Aspect B4: Labor Standards		
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	V. (I) Employment Management
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	V. (VI) Supply Chain Management

Major scopes, aspects, general disclosures and key performance indicators		Disclosure
Aspect B6: Product Responsibility		
General Disclosure	Information on the policies and 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.	III. (II) Compliant Operations
Aspect B7: Anti-corruption		
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing bribery, extortion, fraud and money laundering.	III. (II) Compliant Operations
Aspect 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.	V. (V) Target Poverty Alleviation



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LUZHENG FUTURES

LUZHENG FUTURES COMPANY LIMITED

魯証期貨股份有限公司