

LUCION

山東省國際信託股份有限公司
Shandong International Trust Co., Ltd.

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

Stock Code: 1697



2020
ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT

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ABOUT THIS REPORT

REPORTING SCOPE

Unless otherwise stated, this Report covers Shandong International Trust Co., Ltd. (hereinafter referred to as “SITC”, the “Company” or “we”).

REPORTING PERIOD

Unless otherwise specified, the period covered for this Report is 1 January 2020 to 31 December 2020 (the “Reporting Period”).

REPORTING CYCLE

This Report is prepared annually.

BASIS OF PREPARATION

This Report has been prepared by the Company in accordance with the *Environmental, Social and Governance Reporting Guide* (hereinafter referred to as “ESG Reporting Guide”) described in Appendix 27 of the Rules Governing the Listing of Securities (hereinafter referred to as the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”), for the purpose of disclosing the comprehensive performance of SITC in creating values for shareholders and customers and SITC’s proactive fulfilment of social responsibility. This Report should be read together with the Corporate Governance Report from 2020 Annual Report of the Company and Corporate Social Responsibility section of the Company’s official website for a more comprehensive understanding of the Company’s environmental, social and governance performance.

This Report has complied with the “comply or explain” provisions set out in the *ESG Reporting Guide*.



ABOUT THIS REPORT (Continued)

SOURCE OF INFORMATION

The financial data in this Report is extracted from the 2020 Annual Report of SITC, while other information and data are sourced from the internal management documents and statistical information of the Company. Unless otherwise indicated, the currency for denomination in this Report is Renminbi (hereinafter referred to as "RMB").

FORM OF PUBLICATION

This Report is issued in the form of printed version and electronic version. The printed version is available for inspection by the Company's shareholders and stakeholders at the Company's Office of Securities Affairs and Research and Development Department; the electronic version can be downloaded from the official website of the Company (www.sitic.com.cn) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).



CHAIRPERSON'S STATEMENT



2020 was an extraordinary year, and was also a crucial year for SITC to accelerate reform and innovation, promote transformation and upgrade, and strive to build a new pattern of high-quality development. Facing the complex and severe macroeconomic situation and harsh regulatory environment under the impact of the COVID-19 pandemic, the Company has always adhered to the general work tone of "making progress and improving quality while maintaining stability", focusing on the centre and serving the overall situation, facing difficulties, taking initiative and achieving new achievements in various tasks. The Company has always adhered to the position of trustee, resolutely returned to the origin of trust, vigorously supported the real economy, fully implemented the responsibility of state-owned enterprises, fought against the pandemic of COVID-19, and made due contributions to the promotion of high-quality economic development and the assistance of better life for people.

In 2020, we continued to promote transformation and innovation, and continuously enhanced service quality and efficiency. We strengthened the empowerment of financial technology, implemented the strategy of "smart trust", and vigorously promoted SITC APP to continuously improve service efficiency; continued to innovate financial services to accelerate the transformation of wealth management; constantly improved the institutional system to effectively improve the quality and efficiency of consumers' rights and interests protection work.

In 2020, we gave full play to comprehensive advantages and vigorously supported the real economy. We adhered to the responsibility and mission of "gathering capital to develop Shandong", focused on national and regional development strategies such as the three major battles and the major replacement of new and old kinetic energy, effectively guaranteed regional financial supply, and vigorously supported the development of strategic emerging industries.

In 2020, we strived to fulfil the responsibilities of state-owned enterprises and spared no effort to combat the COVID-19 pandemic. We kept in mind our original mission to remain courageous of taking responsibility, focused on pandemic prevention and control, to help enterprises resume work and production; carried forward the spirit of anti-pandemic, persisted in the strength of love, and fully implemented the responsibility of state-owned enterprises to fight the tough battle of pandemic prevention and control.

In 2020, we were fully dedicated to public welfare and decisively combated poverty alleviation. We gave full play to the advantages of the trust system, innovatively developed charitable trusts, to support the development of charitable undertakings; we were enthusiastic about social public welfare undertakings, and bravely assumed the social responsibilities of corporate citizens; the "Major Secretary" combated poverty alleviation and assisted rural revitalisation.

In 2020, we actively practised the human-oriented philosophy and expanded the development space of employees. We continued to improve the human resources system, strengthened the talent reserve, built a growth platform, and worked with employees to create a better future; continued to improve the training system to enhance the overall quality of employees; enriched spare-time life to enhance the cohesion and sense of belonging of employees.

2021 is the 100th anniversary of the founding of the Communist Party of China. It is the final year of achieving the first centenary goal and is the first year of the "14th Five-Year Plan". Based on the new development stage, we will implement the new development concept, build a new development pattern, take the promotion of high-quality development as the theme, reform and innovation as the fundamental driving force, and serve the real economy as the fundamental goal, strengthen confidence, face difficulties, to ensure good start of the "14th Five-Year Plan", and join hands with shareholders, customers and employees to share the development results of the Company!



CHAIRPERSON'S STATEMENT (Continued)



For and on behalf of all directors

Wan Zhong

Chairperson



ABOUT SITC



The Company was established as a non-banking financial institution in March 1987, with the approval of the People's Bank of China and the People's Government of Shandong Province, and is currently a director of China Trustee Association. In December 2017, SITC, an integrated financial service institution controlled by Shandong Lucion Investment Holdings Group Co., Ltd. (hereinafter referred to as "Lucion Group"), was listed on the Hong Kong Stock Exchange (Stock Code: 1697.HK), being the first domestic trust company listed on international capital market. In January 2019, the Company's registered capital increased to RMB4.659 billion, with a constantly increasing capital strength.

SITC has always achieved seeking progress and quality improvement while maintaining stability, served economic and social development by utilising various financial instruments, promoted effective interconnection between monetary market, capital market with real economy, and established the development pattern of "taking root in Shandong, spreading to the whole country and establishing presence across the globe". Being rated as the highest A rating in the national industry-wide rating and the highest AAA rating in the performance assessment of local financial institutions in Shandong for many times, SITC has been developed into an integrated financial and wealth management service provider with a leading comprehensive strength and sound brand reputation.

In the field of trust business, to facilitate the set-up of investment and financing service platform and wealth management platform, SITC formed an all-around and multi-level trust product line covering industrial and commercial enterprises trust, infrastructure trust, real estate trust, securities investment trust, integrated financial service trust of listed company, family trust and charitable trust. It has built a series of trust brands including "Zunxiang" (尊享), "Xiongxin Anxin" (雄心安心), "De Shan Qi Jia" (德善齊家), "Guozi Huinong" (國資惠農), "Zilan Culture" (茲蘭文化), "Urban Development" (城市發展), "Tianxiying" (天禧盈), "Rongyi" (融易) and "Increase in Interest of Bonds" (債券增利), leading to increasingly higher popularity and reputation.

In respect of long-term equity investment, SITC paid close attention to financial industry policies, and devoted to building an integrated financial service platform. It mainly invested in financial institutions such as First-Trust Fund Management Co., Ltd. (泰信基金管理有限公司), Fullgoal Fund Management Co., Ltd. (富國基金管理有限公司), Minsheng Securities Co., Ltd. (民生證券股份有限公司), Taishan Property & Casualty Insurance Co., Ltd. (泰山財產保險股份有限公司) and Shandong HOWO Auto Finance Co., Ltd. (山東豪沃汽車金融有限公司). Meanwhile, SITC is actively researching and seeking strategic opportunities for overseas financial equity investment by giving full play to advantage as a Hong Kong listed company.



ABOUT SITC (Continued)



The growth of SITC in recent years has been recognised and praised by different sectors in the society, and successively evidenced by numerous awards, such as “Best IPO Award of the Year of 2017”, “Most Valuable Financial Stock in the 2018 Golden Hong Kong Stocks Awards”, “Shandong Charitable Award – the Most Influential Charity”, “Integrity Trust – Excellent Company Award”, “Integrity Trust – Management Team Award”, “Best Innovative Trust Company”, “Best Socially Responsible Trust Company Award”, “Best Financial Service Entity Award”, “Excellent Risk Control Award”, “Best Corporate Governance Award”, “Best Information Disclosure Award for Hong Kong Listed Companies”, “Golden Amber Outstanding Trust Company Award”, “2020 Best Listed Company in Greater China”, “Shandong Socially Responsible Enterprise” and “Best Financial Company Award”. As a state-owned enterprise based in Shandong Province, the Company received high recognition in the province for its development and was awarded with the honorary title of “Advanced Company Contributing to Financial Development of Shandong Province” by the government of Shandong Province. Also, the Company has won the “Financial Innovation Award of Shandong Province” for three consecutive years.

SITC excels at seizing opportunities and audaciously meeting challenges. The Company provided multi-type, all-around quality investment and financing services that cover the whole industry chain for the development of national and local economy, and provided institutional investors and individual investors with professional, differentiated, personalised and integrated financial services. By holding firmly to the guideline “product specialisation, service integration, and business standardisation”, the Company will adopt innovative industrial and financial integration, access to global resources, facilitate the building of better life, and create greater values for domestic and international investors.



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GOVERNANCE



CORPORATE GOVERNANCE

In 2020, the Company, in accordance with domestic and overseas regulatory requirements, continuously increased the transparency of corporate governance so as to safeguard the interests of the shareholders and increase corporate value. In accordance with the Listing Rules and the relevant laws and regulations of the Company Law of the People's Republic of China (《中華人民共和國公司法》), Guidelines for the Governance of Trust Companies (《信託公司治理指引》), etc., the Company has established a more comprehensive corporate governance structure, clearly classified the responsibilities among the shareholders' general meeting, the board of directors of the Company (hereinafter referred as to the "Board of Directors"), the Board of Supervisors of the Company (hereinafter referred to as the "Board of Supervisors") and senior management.

In particular, the shareholders' general meeting acts as the highest authority of the Company; the Board of Directors is held accountable to shareholders; the Board of Supervisors is responsible for supervising the operation of the Company and the performance of duties of the Board of Directors and senior management; the senior management is responsible for the implementation of resolutions from the Board of Directors and the daily operation and management of the Company, as well as regular reporting to the Board of Directors and the Board of Supervisors.

The Shareholders' General Meeting

During the Reporting Period, the Company convened one shareholders' general meeting, at which, 12 resolutions were approved. The convening of shareholders' general meeting is in line with applicable legal procedures. All shareholders properly exercised shareholders' rights at such meeting.

The Board of Directors

As at the end of 2020, the Board of Directors comprised eight Directors. The Board of Directors has established seven special committees, namely, the Business Decision Committee, the Strategies and Risk Management Committee, the Audit Committee, the Human Resources and Nomination Committee, the Remuneration Committee, the Trust Committee and Related Transactions Control Committee, which are operated under the leadership of the Board of Directors and make recommendations in respect of decisions made by the Board of Directors. In 2020, the Company convened a total of 10 meetings of the Board of Directors, at which, 45 resolutions were considered.

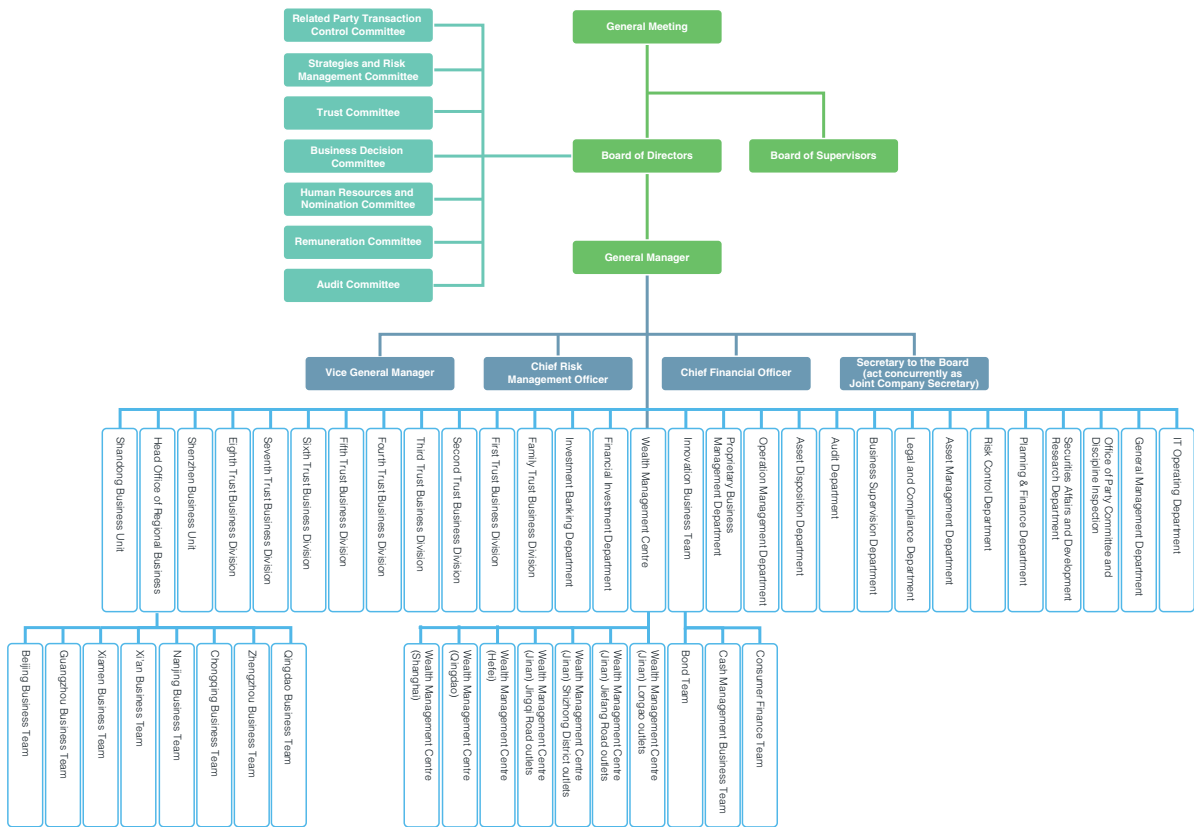
The Board of Supervisors

As at the end of 2020, the Board of Supervisors consisted of eight Supervisors. In 2020, the Company convened four meetings of the Board of Supervisors, at which, 11 resolutions were considered.



GOVERNANCE (Continued)

Corporate Governance Structure



Investor Relations

The Company attached great importance to the management of investor relations, and continuously strengthened the communication, interaction and understanding between the “First Listed Trust Company” and the capital market and investors.

In 2020, under the sudden outbreak of COVID-19 pandemic, the Company focused on grasping the time window for annual and interim results, and for the first time adopted the combination of “online video streaming + multi-platform broadcasting” to hold conference of annual result announcement for 2019 and conference of interim result announcement for 2020 of the Company, over 150 analysts, investors and reporters participated in the live broadcast. The online broadcasting platforms such as Gelonghui and Zhixin Cloud achieved more than 1,000 views, and the conference achieved complete success.

GOVERNANCE (Continued)



In 2020, the Company organised more than 10 one-to-one roadshow conference calls to deeply interpret the Company's performance to analysts from securities firms such as GF Securities and Haitong International, and participated in exchange meetings organised by securities firms such as Essence International and HTSH and Hong Kong stocks summits such as Global Investment Carnival organised by Gelonghui; elaborately held live online lectures on "Family Trust Decryption and Inheritance Genes" to enhance the capital market's further understanding of the business model of the Company. The Company won the award of "Best Listed Company in Greater China – Best Disclosure of the Year (年度最佳資訊披露)" for two consecutive years, and market recognition continued to increase.



The Company held the 2019 annual results conference and 2020 interim results conference online



The Company enhanced communication and interaction with the market investors through a variety of methods

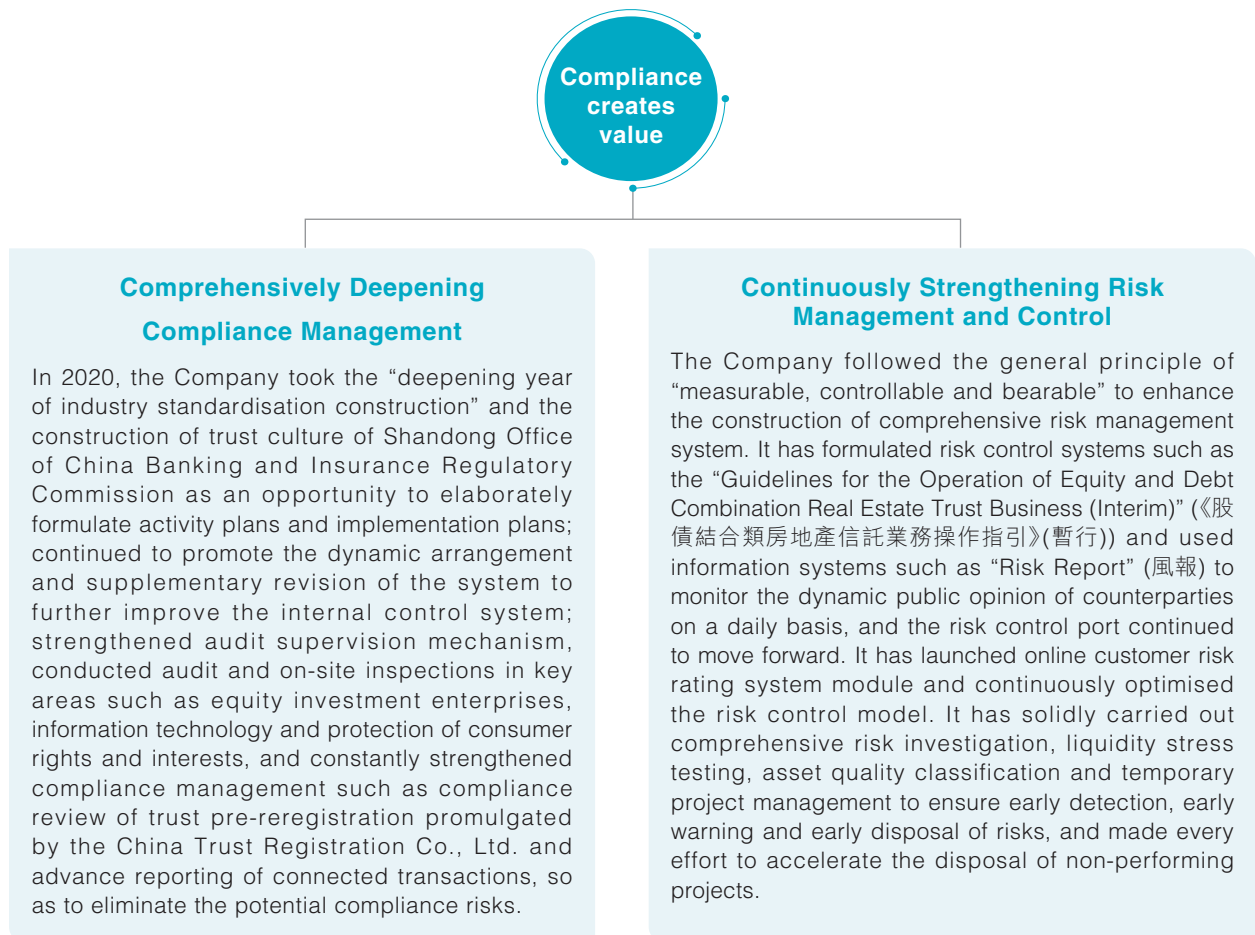
COMPLIANCE OPERATION

Operations in Compliance with Laws and Regulation and Prevention and Control of Financial Risk

The Company attached great importance to compliance management and actively practice the operation concept of "compliance creates value". Focusing on the national macroeconomic situation, industry development trend and regulatory policy requirements, the Company continuously strengthens internal control management, optimises corporate governance, and improves the system to ensure compliance review throughout the business process, effectively prevents compliance risks and ensures stable and efficient operation and management.



GOVERNANCE (Continued)



Fulfilling the Obligation of Anti-Money Laundering

In accordance with relevant laws and regulations including the Anti-money Laundering Law of the People's Republic China (《中華人民共和國反洗錢法》) and the Rules for Anti-money Laundering by Financial Institutions (《金融機構反洗錢規定》), the Company developed and implemented the Administrative Measures on Anti-Money Laundering (《反洗錢管理辦法》) and made amendments periodically in accordance with the latest regulatory rules. The measures standardised work on anti-money laundering management, ensuring that the Company perform the obligations for anti-money laundering in accordance with applicable laws and regulations on anti-money laundering.

The Company established an Anti-Money Laundering Leading Work Group responsible for anti-money laundering management, under which the Anti-Money Laundering Office was responsible for organising and conducting anti-money laundering work. Each business segment of the Company is responsible for its own daily work on anti-money laundering. At the meantime, the Company has established and implemented a client identification system with specification of certain criteria in determining a suspicious transaction, and established a transaction reporting system for suspicious trade.



GOVERNANCE (Continued)



Standardisation of Intellectual Property Rights, Trademarks and Advertising Management

In compliance with the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) and other laws and regulations, the Company is entitled to intellectual property rights such as trademarks and domain names by applying for registration, obtaining third party authorisation or other methods to protect the Company's rights and interests with avoidance of infringement of intellectual properties of others.

The Company operates by strictly complying with the Administrative Measures of Collective Trust Scheme of Trust Companies (《信託公司集合資金信託計劃管理辦法》) and other requirements, and commissions publicity agencies to publish advertisements with compliance with laws and regulations, without any act of openly marketing or promoting the Company's trust products. The Company has commissioned media to publish the summary of its annual report, etc., and appropriately publicised such information as its fulfilment of social responsibilities in combating the COVID-19 pandemic, carrying out public benefit activities, supporting for the development of the real economy, etc.

Strengthening System Construction and Standardising Procurement Management

The Company has implemented relevant systems, including the Interim Management Measures for Tender and Procurement (《招標採購管理暫行辦法》) and the Interim Management Measures for Non-Tender and Procurement (《非招標採購管理暫行辦法》), to continuously strengthen normalised and standardised procurement management and improve the quality and efficiency of the procurement work. As a non-bank financial institution, the Company's major suppliers include law firms, accounting firms, asset appraisal institutions, IT companies and the retailer of office supplies. To enhance access and assessment management of suppliers, the Company has rejected manufacturers and products with high polluting, high energy consuming, and has guided suppliers to fulfil their necessary social responsibilities and environmental obligations. The Company has incorporated procurement management into business integrity building, aiming to resolutely prevent employees from seeking illegitimate benefits for themselves or others by taking advantage of their positions.

In 2020, the Company carried out procurement activities in strict compliance with the relevant regulations and did not receive any oral or written complaints from suppliers.

Building Integrity Culture and Promoting Professional Integrity

The Company has been attaching great importance to the development of professional integrity of all employees, especially leading cadres, and has been in strict compliance with institutional regulations such as the Several Provisions on Probity Practice for Leaders of State-owned Enterprises (《國有企業領導人員廉潔從業若干規定》), and the Opinions on Further Promoting the State-owned Enterprises' Implementation of the Decision-making System for Major Issues, Major Personnel Appointments and Dismissals, Investments in Major Projects and Use of Large Sums of Money (《關於進一步推進國有企業貫徹落實「三重一大」決策制度的意見》), and has revised the Rules on Employees' Professional Integrity (《員工廉潔從業規定》). The Discipline



GOVERNANCE (Continued)



Inspection Committee of the Company (hereinafter referred to as the “Discipline Inspection Committee”) and the office thereunder are dedicated to work related to professional integrity and anti-corruption. The Company has effectively strengthened the supervision of professional integrity and has made intensified efforts to supervise, manage and control key points, key personnel and key matters by conducting abnormal behaviour investigation, professional integrity talks and supervision of integrity in remote locations, so as to effectively prevent and control professional integrity risks.

In 2020, the Company further consolidated its obligations of professional integrity supervision and management.

- Organised leaders and middle management personnel of the Company to sign the Letter of Responsibility for Building a Fine Party Culture and Keeping the Organisations Clean
- All employees signed the Letter of Professional Integrity Undertakings
- Strictly implemented the “three new lessons” system of the first lesson of the new year, the first lesson of new employees and the first lesson of new promoted cadres
- Organised and carried out “Cultivating Compliance Culture and Realising Professional Integrity” practices tests for all employees
- Organised and carried out a series of special activities such as “Special Party Lectures on Professional Integrity”
- Organised screenings of warning education films
- Company leaders carried out supervision at branches to give employees humanistic care while guiding them to work on professional integrity
- Sent the Letter of Notice to business partners of actively managed projects to jointly supervise the behaviour of employees



GOVERNANCE (Continued)



In 2020, there were not any corruption or bribery lawsuits against the Company or its employees.



The Company was conducting the integrity practice test for all employees



The secretary of the commission for discipline inspection of the Company was delivering a lesson on the integrity practice to the new employees

Promoting Information Construction and Ensuring Information Security

The Company has been attaching great importance to customers' information security and privacy protection, to eliminate the leakage of customer data and information. With strict compliance to the Cyber Security Law of the People's Republic of China (《中華人民共和國網絡安全法》) and the Announcement on Preventing and Cracking Down on Crimes of Telecommunication Network-related Fraud (《關於防範和打擊電信網絡詐騙犯罪的通告》), the Company has formulated and implemented the Management Measures for Security of Information System (《信息系統安全管理辦法》), the Management Measures for Emergencies Occurred in Information System (《信息系統突發事件應急管理辦法》), the Management Measures for Users and Authorisation of Information System (《信息系統用戶及權限管理辦法》) and other policies. Through taking technical preventive measures such as reinforcing the supervision and configuration management of information systems, checking the implementation of information security, controlling the user authorisation of information system, standardising the security emergency and safety response process of the information system, improving the graded protection of information security system, and establishing special virtual network system, the Company has monitored and facilitated the implementation of security management work, increased employees' awareness of security, and reduced the possibility of network security problems caused by human factors.

The Company continues to strengthen construction of long-term network security mechanisms and improved information security standard. The Company has completed the review work of national information security protection as Grade III certification for the major information systems, that is, its overall security in terms of physical security, network security, server host security, operation and management, etc. has met the relevant requirements of Grade III protection of information system security by the Ministry of Public Security of the People's Republic of China.



GOVERNANCE (Continued)



Improving Institutional System and Enhancing Safety Management

In strict compliance with the laws and regulations such as the Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》) and the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Company has always taking workplace safety as its priority task, ensuring the implementation of workplace safety by firmly setting up the concept of “people-orientation and safe development” and insisting on the policy of “safety first, prevention first and comprehensive control”.

The Company has set up a work safety management organisation with a special Work Safety Committee established. According to the requirements of “operations cannot be separated from safety management”, the Company continuously improved the accountability system on work safety of “the Party with accountability, a pair of responsibility and concerted efforts”, making all-out efforts to build a long-term mechanism for work safety management. The Company has formulated 11 rules including the Principal Accountability for Work Safety (《安全生產主體責任制度》) and the Fire Safety Management System (《消防安全管理制度》). The Company also requested all employees to sign the liability statement on work safety and enhanced the team development of work safety and education and training on occupational health.

During the pandemic, the Company persisted in pandemic prevention and control and production and operation with both hands, and coordinated COVID-19 prevention and control as well as production safety work. The Company organised property management companies to carry out daily disinfection of office premises, daily temperature testing of employees, distributed anti-pandemic supplies like masks and disinfectant to all employees, strictly controlled the number of on-site meetings and activities, and endeavoured to adopt online methods such as video conferences and teleconferences to minimise the impact of the pandemic on the Company's daily operations through practical measures.

In 2020, the Company conducted seven safety inspections, organised three sessions of training on the Work Safety Law, occupational health and fire-fighting knowledge, and carried out two fire emergency drills, with a total of 390 people attending, hence further improving emergency rescue capability and on-site treatment capability of the Company. During the “Production Safety Month” in June, the Company organised a safety knowledge contest for all employees to further enhance their safety awareness and achieved good results.

The Company has always maintained a good record of zero work safety accident, ensuring the continuous stability of work safety situation.



Employees of the Company were participating in fire drills



GOVERNANCE (Continued)



ESG MANAGEMENT

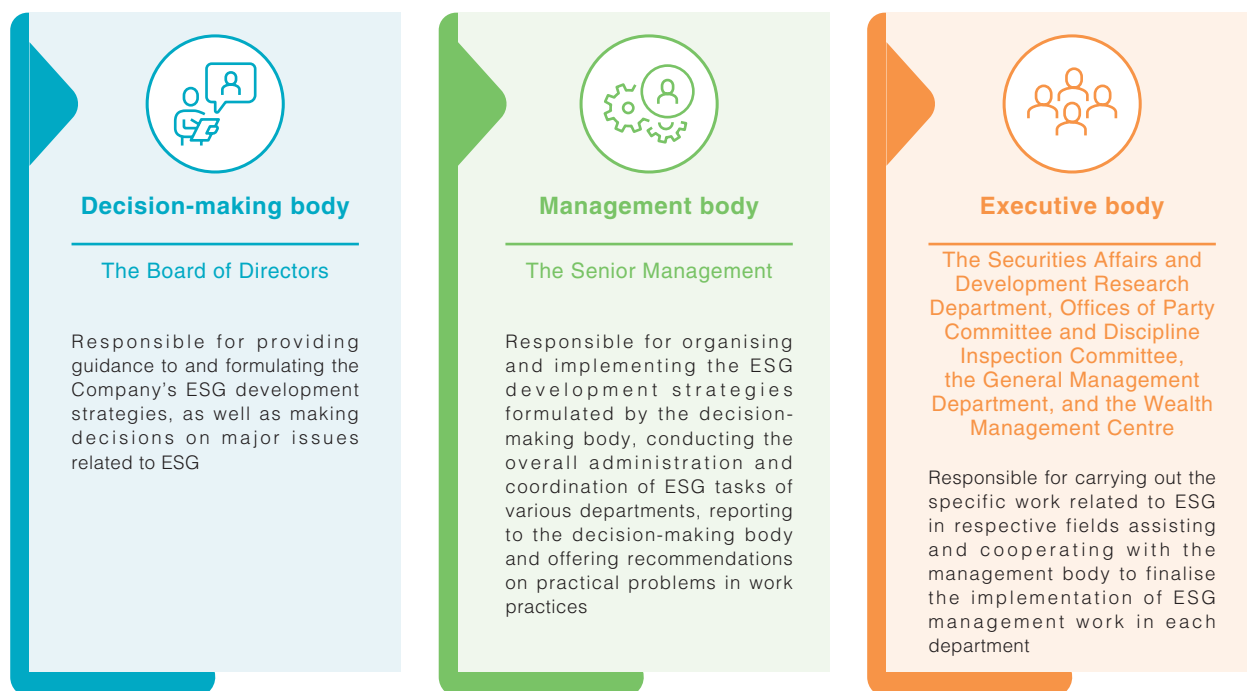
ESG Concept

In the course of business development, SITC has always upheld the corporate culture of “professionalism, honesty, diligence and accomplishment” and sticking to its positioning as a trustee, fully leveraging the advantage of trust, vigorously carrying forward the trust culture and actively publicising the concept of trust. While actively creating values for the shareholders, we maintain close communications with the stakeholders and responded to their demands in a timely manner, and contributed its efforts to the sustainable development of society and the environment through actively assuming social responsibilities.

The Company continues to accelerate the transformation of wealth management by constantly innovating products and services, and earnestly protected the consumers' legitimate rights and interests, so as to create a sound financial consumption environment; fully utilized trust instruments to support the development of real economy, to satisfy the people's expectation for a better life; devoted to building the “home culture” to provide a broad development platform for employees to achieve their own values; focused on environmental protection and continuously improved employees' awareness of environmental protection, adopting various measures to reduce energy and resources consumption in the course of operation to minimise impact on the environment, and jointly working with stakeholders to promote a sustainable development of the environment.

ESG Management Structure

In combination with its business nature and development strategies, the Company integrates ESG concepts with operation and management. By identifying the main duties of each department, the Company has initially formed an ESG management organisational structure comprising the decision-making body, management body and executive body.



GOVERNANCE (Continued)



Stakeholders Engagement and Materiality Analysis

Based on the industry environment, nature of business, and products and services characteristics of the Company, SITC has identified its major stakeholders such as shareholders, regulatory authorities, the government, customers, employees, partners, the community and the public. In daily operations, the Company maintains close communications with the above-mentioned stakeholders through various channels to fully understand and earnestly evaluate their expectations and requests and make timely responses. This year, the Company's communication channels with major stakeholders and their main topics of concern are as follows:

Stakeholders	Communication mechanism	Topics of concern	Responses
Shareholders	General meetings, information disclosure, results roadshows, communication on investigations and studies	<ul style="list-style-type: none"> ✓ Operating results and financial performance ✓ Disclosure of information ✓ Corporate governance ✓ Risk prevention and control 	<ul style="list-style-type: none"> ✓ Conducting prudent operations ✓ Disclosing information timely ✓ Improving corporate governance structure ✓ Strengthening the management of investor relations
Regulatory Authorities	Regulatory policies, on-site inspections, off-site supervision, delivery and receipt of official documents, conferences on specific topics, disclosure of information, daily reporting	<ul style="list-style-type: none"> ✓ Compliant operations ✓ Risk management ✓ Internal control system ✓ Corporate governance ✓ Net capital and venture capital 	<ul style="list-style-type: none"> ✓ Improving internal control system ✓ Perfecting comprehensive risk management and control systems ✓ Improving the Company's capital strength
Government	Policy guidance, important meetings, reporting on specific topics, daily communication	<ul style="list-style-type: none"> ✓ Observance of laws and disciplines ✓ Timely payment of taxes ✓ Implementation of the national policies ✓ Support for national strategies 	<ul style="list-style-type: none"> ✓ Prevention and control of COVID-19 ✓ Serving the real economy ✓ Supporting the construction of infrastructure projects ✓ Serving the construction of major projects on the replacement of old growth drivers with new ones ✓ Supporting the development of micro, small and medium-sized enterprises



GOVERNANCE (Continued)



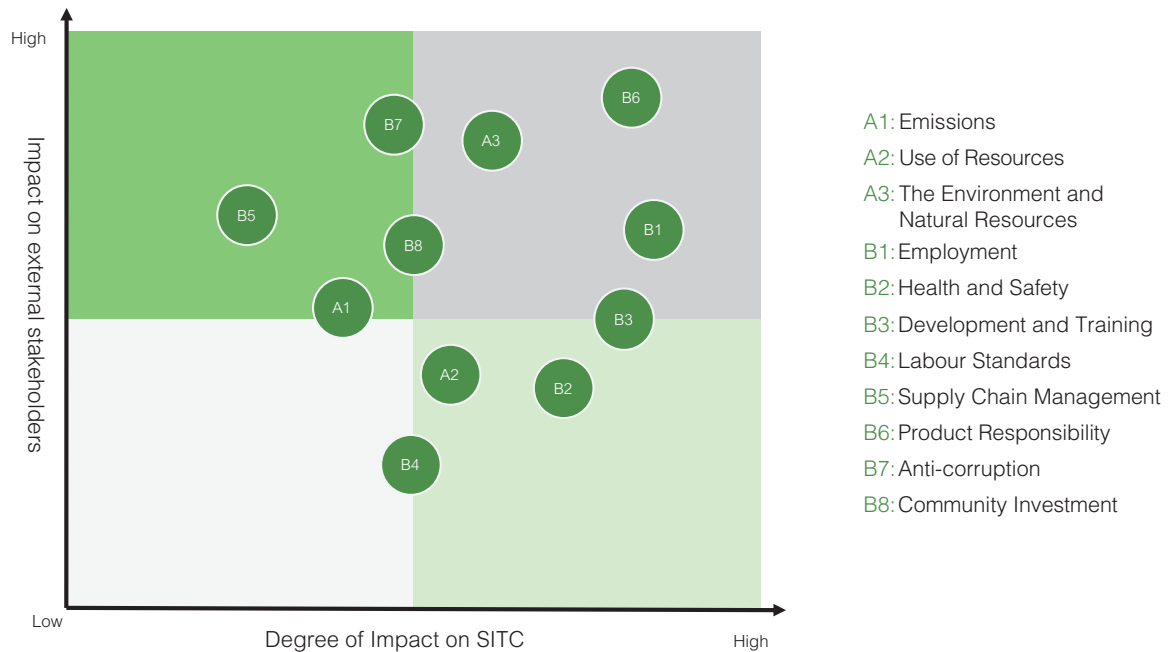
Stakeholders	Communication mechanism	Topics of concern	Responses
Customers	Product promotion, publicity education, complaint hotline, survey on level of satisfaction, customer visit, WeChat official account, corporate website, due diligence	<ul style="list-style-type: none"> ✓ Communication channels ✓ Service quality ✓ Consumer's rights and interests protection ✓ Popularisation of trust knowledge ✓ Business process ✓ Product and service innovation 	<ul style="list-style-type: none"> ✓ Promoting use of APP ✓ Establishing wealth management outlets ✓ Protecting consumers' rights and interests ✓ Popularising financial expertise ✓ Offering innovative products ✓ Upgrading service experience
Employees	Employee trainings, business salons, outward bound, labour unions, employee representative meetings, company internal journals	<ul style="list-style-type: none"> ✓ Employees' benefits ✓ Vocational trainings ✓ Compensation and Benefits ✓ Promotion and vocational development ✓ Group activities 	<ul style="list-style-type: none"> ✓ Multi-level training systems ✓ Sound compensation incentive system and welfare security system ✓ Smooth promotion access
Partners	Strategic cooperation, intra-industry exchange, procurement events	<ul style="list-style-type: none"> ✓ Equality and Cooperation ✓ Mutual benefit and win-win situation ✓ Mutual sharing and joint establishment ✓ Commercial ethics ✓ Transparent procurement 	<ul style="list-style-type: none"> ✓ Developing an ecosystem for strategic clients ✓ Increasing intra-industry exchange ✓ Clean and transparent procurement management
Community and Public	Public welfare activities, promotion of financial expertise, WeChat official account, investor relations hotline, Company's website	<ul style="list-style-type: none"> ✓ Social responsibility ✓ Community relationship 	<ul style="list-style-type: none"> ✓ Setting up a charitable trust ✓ Conducting poverty alleviation work ✓ Making donations to schools ✓ Creating the consumers investment reception day



GOVERNANCE (Continued)



In 2020, through analysis of the general expectations and requests of stakeholders as well as the ESG topics at the 11 aspects listed in the ESG Reporting Guide, the Company identified major ESG topics for this year, including the environment and natural resources, employment, development and training, product responsibility, anti-corruption and community investment. The other relevant ESG topics include emissions, use of resources, health and safety, labour standards and supply chain management. The Company will discuss the content of each topic separately in this Report.



Social

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SOCIAL



As a state-owned financial institution, the Company has always adhered to the principle of serving local economic and social development and satisfying the people's expectation for a better life. The Company coordinates with pandemic prevention and control and daily operation, give full play to the institutional advantages of trust – covering "real economy, capital market and monetary market", utilises various financial instruments including equity investment, debt financing and industry funds, to consistently diversify financial supplies and boost support to local infrastructure and strategic and emerging industries supported by national strategies. Meanwhile, the Company has continuously innovated financial products, improved quality of its service and sped up transformation in wealth management to satisfy the ever-growing personalised and diversified demands of high-net worth customers for wealth preservation and appreciation.

COMBATING COVID-19 PANDEMIC AND FULFILLING THE RESPONSIBILITIES OF STATE-OWNED ENTERPRISES

In 2020, facing sudden outbreak of COVID-19, SITC bore in mind its original mission, courageously took action, worked together at all levels and took various measures to focus on epidemic prevention and control and facilitate resumption of work and production, and fully fulfilled the responsibilities as a state-owned enterprise to resolutely fight against COVID-19.

Focusing on Pandemic Prevention and Control to Ensure Corporate Operations

After the outbreak of the pandemic, SITC attached great importance to it and made urgent deployment, and immediately set up a leading group on epidemic prevention and treatment led by the Secretary of the Party Committee and the Chairperson to spare no effort in epidemic prevention and control. Through LED display, WeChat platform, the "Letter to All Employees" and proposals, the Company carried out various publicity activities through various channels, at various levels and in an all-round way to increase coverage and awareness rate and guide employees to consciously abide by regulations on epidemic prevention and control. The Company coordinated with the property company to strictly control external personnel, monitor the temperature of all personnel entering the Company, and disinfect office buildings, restaurants and other public areas every day. The Company provided each employee with 30 masks, 1 bottle of disinfectant solution, 2 packs of disinfection wipes and 1 bottle of disinfection gel every month for free to help employees with personal protection and home disinfection.

Devoting Love to Demonstrate Responsibilities of State-Owned Enterprise

In active response to the initiative of the China Trustee Association, the Company donated RMB500,000 to the Charity Trust of China Trust Industry Against COVID-19 to support the COVID-19 prevention, control, assistance and relief work in Hubei Province. Meanwhile, in active response to call of the Central Financial Youth League Working Committee, young employees of the Company actively participated in the special charity donation activity of "Fighting against the Pandemic, Financial Youth in Action." 144 employees donated RMB35,500 to China Youth Development Foundation. The Company also donated pandemic prevention supplies including masks and disinfectant to the sanitation workers in local communities, contributing strength of trust to the normalised epidemic prevention and control.



SOCIAL (Continued)



The Company was donating pandemic prevention materials to sanitation workers in local communities

Reducing Loan Interests to Overcome the Pandemic

For enterprises involved in the production, sales and transportation of anti-pandemic supplies, the Company opened a “green gate” to review and approve loan disbursement rapidly. For enterprises seriously affected by the pandemic, the Company implemented “one enterprise, one policy” to provide comprehensive support to enterprises in terms of credit limit and loan interest rate and others. For small and micro enterprises of science and technology innovation entities, the Company coordinated with the principals to provide borrowers with interest reduction or exemption on certain loans to overcome difficulties.

Case

Subscription of pandemic prevention and control bonds to assist enterprises in resumption of work and production

In February and March of 2020, SITC subscribed for RMB20 million of ultra-short-term financing bonds (pandemic prevention and control bonds) issued by Shandong Provincial Commercial Group Co., Ltd. and RMB30 million of the third batch of the short-term financing bonds for 2020 (pandemic prevention and control bonds) issued by China Pingmei Shenma Energy and Chemical Group Co., Ltd., to support the normal operation of real enterprises with practical actions, ensure the orderly supply of daily necessities and anti-pandemic supplies, maintain regional price stability, and accelerate the resumption of work and production.



SOCIAL (Continued)



Case

Set up collective trusts to win the battle of pandemic prevention and control

- 1 The Company established "Shandong Trust • Qingshan No.9 Collective Fund Trust Plan" with a financing amount of RMB670 million for construction of Guiyang Urban Logistics Distribution Centre, the material distribution hub in Guizhou Province, assisting logistics enterprises in western China to resume work and production as soon as possible.
- 2 The Company established a collective trust project with a project scale of RMB300 million to support the construction of Yi He Hospital in Quanzhou City, Fujian Province, meet its daily operational needs and help Quanzhou frontline hospital fight against the pandemic in full force.

Salute to the Anti-epidemic Heroes and Carrying Forward the Anti-epidemic Spirit

In August 2020, the Third Party Branch of the Company invited Shen Ning, who is the director of the Department of Lung Diseases of Traditional Chinese Medicine of Shandong Province, and is also one of the frontline doctors in fighting against COVID-19 in Shandong Province to the UK, to give a special Party lecture to Party members of the Branch. In December, the Company held an ethics lecture hall of "Salute to Anti-pandemic Heroes and Consolidate Role Models" and invited Si Min, who is the captain of the 11th batch of medical team to assist Hubei in Shandong Province and the director of the Department of Critical Medicine of Jinan Central Hospital, and Liu Zhaoqi, who is the general tutor of the Department of Critical Medicine of Jinan Central Hospital, to assist Hubei in Shandong Province, sharing the story of "Assistance to Hubei and Anti-pandemic" to carry forward the great anti-pandemic spirit.



The Company invited anti-pandemic heroes to hold special lectures to promote the anti-pandemic spirit



SOCIAL (Continued)



LEVERAGING COMPREHENSIVE ADVANTAGES TO SERVE THE REAL ECONOMY

SITC adheres to the functional positioning of “industrial trust, and industrial investment bank”, positively guided social funds to invest in real economy and industries supported by national and local strategies. Adhering to the responsibility and mission of “gathering capital to develop Shandong”, SITC focuses on national and regional development strategies including the three major battles and the major replacement of new and old kinetic energy projects to effectively ensure regional financial supply.

Insisting on Gathering Capital to Develop Shandong and Serve the Real Economy

The Company focuses on national and regional development strategies including the three major battles and the replacement of new and old kinetic energy, and leverages the synergy of resources to ensure regional financial supply. As at the end of 2020, total size of trusts invested by the Company to Shandong Province reached RMB47,535 million, representing an increase of RMB10,632 million in that year. The existing scale of business supported by funds from outside the province reached RMB8,849 million, representing an increase of RMB2,718 million in the year.

Case:

In 2020, the Company established the “Shandong Trust • Qingshan No. 12 Collective Fund Trust Plan” to raise capital of RMB597 million, so as to support the construction of the largest “cold chain and automated warehouse logistics cluster” project in Shandong Province.

Case:

SITC established the “Shandong Trust • Duoying New Kinetic Energy Fund Collective Fund Trust Plan” to invest in Yantai Duoying New Kinetic Energy Investment Center (Limited Partnership) as an LP. In 2020, the limited partnership invested RMB20 million in a biomedical CDMO service company in Shandong, and invested RMB10 million in a display material manufacturing company in Shandong, which strongly promoted the construction of a major project for the replacement of new and old kinetic energy in Shandong Province.



SOCIAL (Continued)



Empowering with Financial Technology to Promote Transformation and Innovation

The Company deeply implemented the smart trust strategy and promoted the transformation of the Company's operation and management with information technology, making the prominent role of technology in empowering finance continue to expand. The Company provided a solid foundation for high-quality development by improving service efficiency, reducing service costs, and increasing service differentiation. Firstly, the Company accelerated the launch of new systems and new modules, supported business transformation and innovation, built a family trust electronic signing system and completed alliance chain docking with blockchain technology; at the same time, the Company restructured and upgraded the asset management system to further improve system operation capabilities, initiated the implementation of constructing an intelligent risk control system, and promoted the automated valuation of the standard product business. Secondly, the Company optimised the original business system functions and improved system service capabilities, so as to realise the overall launch of 17 projects, including electronic signature system integration and product risk levels. Thirdly, the Company guaranteed business compliance operations with meeting regulatory requirements, and completed the construction of the EAST4.0 system, anti-money laundering system and CRS reporting system.

In order to achieve precision marketing and the upgrade of customer services, improve customers experience and enhance the loyalty of customers, in 2020, the Company increased the promotion of SITC APP and empowered wealth management with financial technology, achieving the closed-loop function of "Account Management – Product Information – Online Signing – Asset Management", which perfectly replicated the traditional counter trust business online with one-stop services and one-key operation, providing customers with safe, efficient and convenient self-service and intelligent trust services. During the pandemic, the Company provided convenient and efficient high-quality financial management services to customers through mobile terminals, fully meeting the needs of high-net-worth customers for personalized and diversified financial management, and further enhancing SITC's comprehensive customer service capabilities.

SITC APP was successfully ranked among "Integrity 3 • 15 Top Ten Popular Mobile Banking APPs"



In 2020, annual online contract rate of direct sales customers exceeded



INNOVATING FINANCIAL SERVICES TO ENHANCE CUSTOMER EXPERIENCE

The Company has kept making progress in innovation on products and services and continuously sped up in the transformation of the wealth management, to strive to create more reliable wealth for society and customers. By adhering to the service concept of being "customer-oriented", the Company properly incorporates consumer's rights and interests protection in each work stream so as to constantly improve consumers' awareness of financial products and services, increase consumption security awareness and exerted for creating efforts to vigorously create a good financial consumption environment.



SOCIAL (Continued)



Upgrading the Service Model to Accelerate the Transformation of Wealth Management

As accelerating the deployment of standard product business, the Company's wealth management has gradually shifted from a product-centric sales model to a customer-centric private banking model. The Company continues to increase the training of marketing talents, and regularly arranges financial managers to participate in training and market research to continuously improve the level of marketing services. The Company's wealth management managers have in-depth understandings of customers' investment preferences, actively explore customer needs, and guide the transformation of customer investment concepts. Through activities including investment salons, the Company and customers jointly discussed the transformation of trust products' net worth, asset allocation concepts and plans, etc., to deepen customers' knowledge and understanding of trust products.

In recent years, the Company continuously improves the independent marketing system and continues to accelerate the distribution of marketing outlets in core cities. In 2020, the Company added 2 new outlets in Jinan area, thus the Jinan area has basically been fully covered.



The Fortune Management Center of the Company on Jingqi Road and Yingxiongshan Road of Jinan

Improving the Institutional System and the Effectiveness of Consumer's Rights and Interest Protection

SITC attaches great importance to the protection of consumer's rights and interests, always focuses on the "customer-oriented" approach, persistently increases efforts in the protection of consumer's rights and interests and solidly carries out full-process business management on the protection of rights and interests of financial consumers. It vigorously innovates the publicity methods and contents of financial knowledge and initiated distinctive publicity and education activities on the protection of consumer interests. Through conducting regular employee trainings and enhancing compliance sales management, the Company built up the knowledge on the protection of consumer's interests and practically safeguarded the legitimate rights and interests of consumers.



SOCIAL (Continued)



Improving Working Systems and Enhancing Working Implementation

The Company formulated the Management Measures for the Protection of Consumer's Rights of Shandong International Trust Co., Ltd. (Trial) (《山東省國際信託股份有限公司消費者權益保護管理辦法(試行)》) in accordance with relevant laws and requirements such as the Law of the People's Republic of China on Protection of Consumer's Rights and Interests (《中華人民共和國消費者權益保護法》), the Administrative Measures of the People's Bank of China for the Protection of Financial Consumers' Rights and Interests (Trial) (《金融消費權益保護工作管理辦法(試行)》) and the Implementation Measures of the People's Bank of China for Protecting Financial Consumers' Rights and Interests (《中國人民銀行金融消費者權益保護實施辦法》), to specify content for the protection of consumer's rights and interests such as the working principles, the division responsibilities, the full process of management and control, appraisal and evaluation, as well as product information inquiries, further clarifying the organisational structure and operational mechanism of consumers' rights and interests protection, the process for accepting and handling of consumer complaints, the framework and arrangement on the publicity of financial knowledge for consumers, the platform for inquiry of information on trust products, the reception day for complaints on consumers' rights and interests protection and the processes of other work.

Meanwhile, the Company incorporated The Board of Directors' responsibilities and decision-making procedures in relation to the protection of consumer's rights and interests into the Terms of Reference for the Trust Committee under The Board of Directors. Content in relation to special inspection on the protection of consumer's rights and interests was clarified in the Internal Audit System of Shandong International Trust Co., Ltd., providing solid and effective systematic protection to the Company for financial consumer's rights and interests protection work.

In 2020, the Company continued to carry out the management and control of the entire process of consumer's interest protection before, during and after the event, to continuously improve the system of consumer's interest protection work. We have constantly enhanced service levels and improved service quality, carried out business and service training from time to time, strengthened the learning of typical cases, improved the professional service level and complaint handling capabilities of wealth management managers, to effectively improve the efficiency of complaint handling and customer satisfaction. The Company regularly carried out daily publicity and education of financial knowledge, enriched publicity channels and expanded publicity coverage, to improve the risk prevention awareness of financial consumers. In addition, the Company strengthened the tracking and management of complaints, regularly summarised and analysed information such as customers' recommendations and common areas of complaints, and looked for weak links and hidden risks of products and services and improvement on a case-by-case basis to realise the preventive and corrective functions of complaints.

In 2020, the Company accepted a total of 5 consumer complaint cases, including 4 personal business cases and 1 corporate business case. In terms of business categories, 3 personal business cases belonged to other loans while 1 belonged to self-employed financial management, and 1 corporate business case belonged to other categories. All complaint cases were in Jinan City.



SOCIAL (Continued)

Creating a Communication Platform to Enhance Customer Service Experience

In order to build a better platform for communication with customers, the Company strived to create theme activities including investment salons, health management and enjoy life, which were well recognised and praised by customers. During the pandemic, the Company actively launched cloud classroom activities themed “Industry Trends and Investment Ideas under the Epidemic”, “How to Effectively Manage Idle Funds”, and “Impact of New Civil Code Regulations on Wealth Management”. At the same time, in order to comply with the transformation trend of standardised products of trust companies and guide customers to establish correct and rational investment concepts, the Company innovatively launched offline investment salons, held special theme activities including “rational investment”, “heart-warming care” and “Celebrate New Year’s Day”, to continuously provide customers with high-quality service experience.



The Company organised theme activities to enhance customer service experience



SOCIAL (Continued)



Strengthening Brand Building to Enhance Market Influence

The Company attaches importance on brand building and strives to create SITC's characteristic products and services, to continuously improve market competitiveness and brand influence. In 2020, the Company launched and vigorously promoted the SITC APP, and the Company's WeChat official account acquired more than 9,000 followers. Relying on professional wealth management capabilities and high-quality customer service levels, the Company was successfully selected as the "Shandong Credit Financial Brand" by Dazhong Daily in 2020, and won the "2020 China Awards Program-Best Frictionless Customer Relationship Management Award" by the Asian Banker and the "2020 Outstanding Trust Company" issued by China Business News and other awards.



The Company continuously improved the brand influence, and won various industry awards



SOCIAL (Continued)



Building Publicity Platform and Strengthening Investor Education

In 2020, the Company took the opportunity of organising major activities like “3 • 15 Financial Consumers’ Rights and Interests Day”, “Preventing Illegal Fundraising, Anti-Money Laundering” and “Spreading Financial Knowledge” to make full use of online and offline channel, actively organised a series of activities for protection of rights and interests of financial consumers, and popularised financial knowledge to investors through vivid text and pictures, case reporting, animation video, wealth management class and other forms. In accordance with the requirements of China Trustee Association for investor education activities, the Company printed and distributed the Handbook of 100 Questions and Answers about Trust Knowledge to customers. Through lectures and other means, the Company helped investors understand basic knowledge of trust and characteristics of various types of trust businesses to establish a correct investment philosophy.



The Company launched the theme activity of “Spreading Financial Knowledge”



SOCIAL (Continued)



In 2020, the Company held more than 10 financial investor education activities in the communities and enterprises, distributed nearly 10,000 leaflets, sent more than 20,000 text messages massively and published over 40 articles through WeChat and website platforms.



The Company carried out financial knowledge popularisation activities in communities

Innovating Family Trust to Help Inheritance of Wealth

With the increasing wealth of domestic residents, together with the rapid increase of ultra-high-net worth individuals ("UHNWI"), family trust has become widely recognised by UHNWIs due to the advantages in wealth succession and family affairs management. As the type of trust that epitomised wealth management, it possesses such functional advantages as asset management, risk segregation, inheritance and succession planning and charity, which are beneficial to the protection and inheritance of lawful property of the citizens, and the enhancement of family harmony, stability and heritage of good family cultures and promotes social harmony and stability.



SOCIAL (Continued)



As one of the key types of service trusts, the family trust has been the core business developed by the Company since 2014. In 2020, the family trust of the Company established a “customised + standardised” mature development model, successfully created non-listed company equity-type and self-managed family trusts, and developed and launched standardised products such as funds for wedding and education, which further enhanced the ability of customised and professional services.

In 2020, the Company’s “De Shan Qi Jia Series Family Trust” (德善齊家系列家族信託) was awarded “2020 Best Family Trust Scheme” (2020年度優秀家族信託計劃) by the Securities Times, and its brand value and market influence continued to improve.



The Company’s “De Shan Qi Jia Series Family Trust” was awarded “2020 Best Family Trust Scheme” by the Securities Times

By the end of 2020,



The family trust business managed by the Company has a signed contract amount of over RMB

14.95 billion



of which the trust assets that have actually been delivered amounted to RMB

14.525 billion



representing a year-on-year increase of

43.81 %

thus continuing to secure a leading position in the industry



SOCIAL (Continued)



PRACTISING THE HUMAN-ORIENTED PHILOSOPHY AND CARING ABOUT THE GROWTH OF EMPLOYEES

Employees are the most valuable assets of the Company for its survival and development. SITC attaches importance to the coordinated development of the enterprise and employees. The Company has strictly complied with relevant laws and regulations to provide solid guarantee to employees in various aspects including recruitment, compensation and benefits, training and development as well as employees relationships. Moreover, by constantly improving the employee related systems and mechanisms, the Company has provided support to employees' growth and joined hands with employees to create better future.

Adhering to Employment in Compliance and Safeguarding the Welfare of Employees

SITC has always been adhering to the "human-oriented" philosophy, strictly complies with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) and other relevant laws and provisions. It adheres to employment in compliance, conducts standard labour relationship management, pays full amount of social insurance and housing provident fund on schedule, strives to improve the remuneration and welfare of employees and standardise the implementation of the annual leave system, practically safeguarding the legitimate rights and interests of employees.

The Company has established a series of systems by regarding the local remuneration policy as guidance, operating performance as basis, and market benchmarking as direction, including the Interim Measures for Employee Recruitment Management (《員工招聘管理暫行辦法》), the Remuneration Assessment Scheme (《薪酬分配考核辦法》), the Interim Administrative Measures for Employee Position (Trial) (《員工崗位級別管理辦法(試行)》), resolutely eradicates any form of discrimination arising from diversified factors such as nationality, skin colour, religion, gender and age, and is prohibited from the employment of child labour and forced labour, thus establishing harmonious and stable labour relations. The Company has clearly defined the promotion channels and qualifications of employees. In addition to ensuring sound operation, the Company pays attention to stimulating employees' enthusiasm for work, and strives to build a fair, just and open platform for employees' growth. At the same time, the Company continues to strengthen the structural construction of the labour union, attaches great importance to the labour union and its role in democratic management and supervision. It adopted various measures, such as strengthening labour protection, improving the working conditions and carrying out distinctive activities so as to continue to improve the working environment and enhance employee satisfaction.

Enhancing Talent Reserves and Establishing Development Platforms

Talents are strategic resources to gain initiative, gain advantages and win the future. SITC attaches great importance to building talent teams, continues to expand talent selection channels and smooth career paths for employees, and strives to build a growth platform for employees and provide solid talent guarantees and intellectual support for the development of the Company. Guided by various talent programs and talent strategies, the Company strives to cultivate high-end financial talents and build a high-quality talent team.



SOCIAL (Continued)



We recruit young talents with high educational background and high quality through campus recruitment and social recruitment. Currently, more than 65% of employees possess various qualifications such as international financial planners, registered financial analysts, certified public accountants and qualified legal practitioners. As at the end of 2020, nearly 120 employees of the Company successfully applied for high-end talents of Jinan City, two were awarded as Financial Star of Shandong Province in 2020. There were a total of 18 employees successfully applied for talent subsidies in 2020. The Company obtained subsidies or capital supports of approximately RMB300,000 in total for employees.

As at the end of 2020, the Company has 235 employees. In 2020, the Company's employee turnover rate was 4.68%.

Number of employees		As at 31 December 2020	
		Headcount	Percentage
Distribution of Age	Aged 25 and below	10	4.25%
	Aged 26 – 29	54	22.98%
	Aged 30 – 39	121	51.49%
	Aged 40 and above	50	21.28%
Distribution of Education Levels	PhD	6	2.54%
	Master's Degree	173	73.62%
	Bachelor's Degree	49	20.86%
	Junior College	7	2.98%
Distribution of Gender	Male	139	59.15%
	Female	96	40.85%
Total		235	100.00%

Health Protection for Employees and Expanding Coverage of Welfare

The Company greatly values the health and safety of the employees by providing all-round safety protection through adopting various measures. The Company stringently complies with the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Law of the People's Republic of China on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and other laws and regulations, and has established the Measures on Routine Inspection for Safe Production (《安全生產例行檢查辦法》), the Safety and Protection Management System (《安全保衛管理制度》) and other safety management policies, in order to develop a healthy and safe working environment for employees in terms of system development, input in the capital and safety facilities, human resources protection and other aspects.

The Company arranges employees to carry out fire drills on an annual basis, regularly conducts safety inspection on office environment, provides employees with annual physical examinations and standardises the implementation of the annual leave system; by providing employees with enterprise annuities, relatives subsidies for medical expenses and children care subsidies and setting up maternity rooms, the Company comprehensively protects the health of all employees, further extending the coverage of employee welfare.



SOCIAL (Continued)



In 2020, the Company actively implemented the work deployment of prevention and control of COVID-19, launching the online business trip filing system, updating the pandemic risk map on a real-time basis, and distributing masks, alcohol sanitizer from time to time, installing water purification equipment and air purifiers in the office, taking multiple measures to prevent and control the epidemic, achieving zero cases for all staff.

From 2018 to 2020, there were no work-related injuries or fatalities among the employees of the Company to cause the losses of working day.

Improving Training System and Enhancing Overall Quality

Guided by the development strategy, the Company aims at enhancing the business skill, overall quality and work performance of employees. Relying on the internal and external lecturer resources, the Company integrates centralised learning with employee self-study and online learning and offline learning and builds a platform for the employee growth as the carrier so as to lay a talent base for the long-term sustainable development of the Company.

The Company provides employees with multi-level and targeted training programs including the mid-level and senior management training, orientation for new employees, all staff training, customised training, party-building and discipline inspection training, production safety training and so on.

Middle and senior management training

Middle and senior management training primarily focuses on lifting concepts and improving insight, decision-making ability, and overall planning and judgment ability; middle management training aims to improve the professional skills, management ability and communication skills.

Orientation for new employees

Orientation for new employees aims at assisting new employees to quickly and better adapt to the new working environment and get familiar with the corporate culture, management system and working procedures of the Company by external training and internal training. It enhances the adaptability of new employees to the working positions, improves the comprehensive quality of employees and facilitates them to start personal career with the best performance.

All staff training

All staff training includes four modules namely special training, business salons, "Reading Space" and "SITC online". Special training aims at improving the overall quality and professional skills for employees, and keeping track of the latest development trend in the industry. Business salons are conducted through ways including experience sharing, special seminars and interest groups to encourage employees to improve business communication and facilitate information sharing. "Reading Space" provides employees with reading rooms offline and "SITC online" leverages on the "Asset Management Cloud" APP online to create learning resources library, provide systematic and independent learning platforms.



SOCIAL (Continued)

**Customised training**

Customised training encourages employees to participate in external training according to their personal demand for business improvement, or launches special training based on the business characteristics of each department.

Party-building and discipline inspection training

Party-building and discipline inspection training includes special activities for Party-building and discipline inspection, professional integrity training, Party-building and discipline inspection business training and situation and task education. It is aimed at improving the Company's Party-building capability and educating and guiding all employees to work in a clean and honest manner.

Production safety training

Production safety training aims at enhancing the safety awareness of employees, carefully learning protection measures and practically safeguarding employees' safety.

In 2020, the Company organised more than 30 internal and external trainings with over 2,000 participants.



Orientation for new employees of the Company in 2020



SOCIAL (Continued)



Enriching Employees' Spare Time and Enhancing Employees' Sense of Belonging

In order to enrich employees' spare time, the Company encourages and provides financial support for employees to carry out recreational and sports activities. The Company's employees have established interest groups for sports such as badminton, table tennis, football and basketball, regularly carry out sports activities, conduct various recreational and sports competitions from time to time. In 2020, the Company continued to enrich the "Reading Space" staff library and invested in the "Literary SITC Self-service Lending System" to create a good learning atmosphere for all. The Company organised all employees to participate in outdoor training in Liantai Mount, which further enhanced the cohesiveness and sense of belonging of employees.



Staff training development in 2020



Literary SITC Self-service Lending System



SOCIAL (Continued)



BEING DEDICATED TO PUBLIC WELFARE TO BUILD A HARMONIOUS SOCIETY

The Company takes full advantages of the function of trusts, innovatively adopts charitable trust to actively perform its social responsibilities as a corporate citizen, support charitable and public welfare development through actions and contribute to building a harmonious society and an ideal community with the power and wisdom of trust.

Developing Charitable Trust and Supporting Charitable Activities

Since the official implementation of the Charity Law of People's Republic of China (《中華人民共和國慈善法》) in September 2016, SITC has followed the policy and taken charitable trust as an effective tool to support the development of charitable and public welfare, to flexibly take advantages of trust system and proactively innovate charitable trust business modes.

In 2020, SITC established two new charitable trust projects, with a total size of RMB1,343,300. As a consultant of Charitable Trust Committee of the China Charity Alliance, the Company has obtained great results in creatively implementing charitable trust, supporting the development of charities, etc., on playing a role of industry leader. As at the end of 2020, SITC has established 9 standard charitable trusts with a total size of RMB66,674,600 and several charitable trusts for serving philanthropy, which strongly supported the development of charitable and public welfare causes such as poverty alleviation, caring the elderly, and supporting impoverished students.



With the total
amount of
RMB
1,343,300

2 new charitable
trust projects were
established in 2020



With the total
amount of
RMB
66,674,600

A total of 9 standard
charitable trusts have
been established



Vegetable greenhouse and photovoltaic power generation complex project funded by Guozi Huinong charitable trust of SITC



The new look of rural areas in Juye County – photovoltaic village supported by Guozi Huinong charitable trust of SITC



SOCIAL (Continued)

Case

Jiahelu Charitable Trust

The “Jiahelu Charity Trust” established by the Company was awarded the “2020 Excellent Charitable Trust Plan” in the “2020 (13th) China Excellent Trust Company Selection” by the Securities Times. Since its inception in January 2019, the charitable trust has accumulatively issued scholarships and grants of RMB1 million, and accumulatively sponsored 700 students and 6 outstanding charitable organisations, making contributions to the development of education and philanthropy in Shanxi Province.



Distribution ceremony of Scholarship and Public Welfare Development Fund sponsored by Jiahelu Charitable Trust of SITC



The “Jiahelu Charitable Trust” was awarded “2020 Excellent Charitable Trust Plan” by the Securities Times

Case

Jiu San Society and Qilu (Shandong Province) Poverty Alleviation Charity Trust

In June 2020, the Company and the Shandong Provincial Committee of Jiu San Society jointly established the “Jiu San Society and Qilu (Shandong Province) Poverty Alleviation Charity Trust”. This was an innovative move of SITC and the democratic parties to establish a charitable trust, and was also the first time that the Shandong Provincial Committee of Jiu San Society has explored poverty alleviation and charity work as charitable trust.



SITC and the Shandong Provincial Committee of Jiu San Society held a grand signing ceremony of “Shandong Trust • Datong Series • Jiu San Society and Qilu (Shandong Province) Poverty Alleviation Charity Trust”



SOCIAL (Continued)

Case

Datong Series • Sailing for Dreams Charitable Trust

In June 2020, the Company newly established “Datong Series • Sailing for Dreams Charitable Trust”. The project was supported by the general union of Wudi County, Binzhou City, Shandong Province. It has received a total of RMB3.295 million from local model workers, caring entrepreneurs and other social forces. It provided charitable assistance to local students from impoverished families through charitable trust. At present, 214 college students have been granted totalling RMB1.1937 million, basically realising the unified relief and full coverage of impoverished college students in Wudi County. It is an innovative practice of “Datong Series” charitable trust combined with the local government to carry out charity.



The relief distribution ceremony of “Sailing for Dreams” Charitable Trust for model workers of Wudi County of SITC

Case

Binbin Charitable Trust

In December 2020, SITC held a “Binbin Charitable Trust” grant ceremony in several primary schools in Yongren County, Yunnan Province, distributed scholarships and school uniforms, blankets, student quilts and other daily necessities to 792 aided students, and issued honorary certificates of “Binbin Scholarship” to outstanding students, with a grant amount of more than RMB80,000. “Binbin Charitable Trust” was established in April 2018, with a scale of RMB5 million, which is mainly used for charity such as financial aid and poverty alleviation. Since its establishment, the charitable trust has subsidised 1,557 excellent and impoverished students from several primary schools in Yongren County of Yunnan Province for three consecutive years, with a total grant of more than RMB230,000.



SITC's Binbin Charitable Trust was granting scholarships and bursaries to students

SOCIAL (Continued)

**Being Enthusiastic about Public Welfare and Bravely Undertaking Citizen's Responsibilities**

While maintaining integrity operation and taxation payment according to laws, SITC actively participated in social and public welfare activities of local communities to practically perform the social responsibilities of a corporate citizen. In 2020, on the occasion of the "Labour Day" and the "Youth Day", the Company organised more than 20 young employees to carry out voluntary blood donation activities, with a blood donation volume of nearly 10,000 ml, and won the "Major Contribution Award of Unpaid Blood Donation" issued by Shandong Blood Donation Office; successively organised more than 100 Party members and young volunteers to visit Jinan Social Welfare Institute, Jinan Xingshen Special Children Care Center (濟南星神特殊兒童關愛中心), Shandong Harbor Public Welfare School (山東港灣公益學校), Shanghe County Xushang Street nursing home and Jiefang Road Shimuyuan Community to conduct voluntary care service activities and donations visit the elderly living alone and disabled children, and donate daily-life and learning necessities to them.



Employees of the Company were participating in the voluntary blood donation activities of "fighting the pandemic and loving people regardless of borders"



SOCIAL (Continued)



COMBATING POVERTY ALLEVIATION AND ASSISTING RURAL REVITALISATION

In April 2019, the “Major Secretary” dispatched by the Company settled in Zhenlou Village, Pulianji Town, Cao County, Heze City in Shandong Province and embarked on the two-year work on poverty alleviation. During the working period, the “Major Secretary” conscientiously implemented the decisions and deployments of the CPC Central Committee and the Provincial Committee of Shandong Province on “focusing on Party-building to promote poverty alleviation and revitalisation of rural areas”, firmly held on to the responsibilities and bravely bearing the heavy responsibilities to fight a decisive battle against poverty and help rural revitalisation. The poverty alleviation work with practical actions of the “Major Secretary” was widely recognised and praised by villagers and was fully recognised by superior authorities.

The “Major Secretary” gave full play to the professional advantages of financial investment, actively explored social capital and financial institutions to support the economic development of rural industry, continuously paid attention to the production and operation of large farmers and planters in the village, took the initiative to connect with financial programs such as benefiting farmers loans and financial leasing, and connected to implement RMB450,000 low-interest benefiting farmers loans for the development of farming industry in the village, so as to solve the problems of farmers’ industrial development such as shortage of equipment and tight cash flow.

In February 2020, the “Major Secretary” helped Zhenlou village to establish two new breeding cooperatives for piggery and hennery. Currently, a standardized breeding farm for 40,000 laying hens has been built, providing 10 jobs for impoverished households in the village. In October, more than RMB600,000 coordination fund was invested in the construction of 170 kW photovoltaic power generation project for the pairing village, and the power generated was connected to the grid in November. It is expected that collective income of the pairing village will no less than RMB85,000, which significantly improves the rural infrastructure; meanwhile, the special financial funds and donation funds of about RMB2 million was used for the construction of village roads of about 7.5 km and sewage of 5 km, which has completely solved the problem of villagers’ travel difficulties.



“Major Secretary” of SITC was constructing inner roads for the pairing village



Environmental

48 Advocating Green Operating and Implementing Energy Saving and Emission Reduction

49 Developing Green Finance to Promote Low-carbon Development

50 2020 Environmental Key Performance Indicators



ENVIRONMENTAL



The Company strictly complies with the laws and regulations such as the Law on Environmental Protection of the People's Republic of China (《中華人民共和國環境保護法》), the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and the Law on the Prevention and Control of Solid Waste Pollution of the People's Republic of China (《中華人民共和國固體廢物污染環境防治法》), adheres to the principle of green development, by proactively creating an environmentally-friendly operation mode, advocating for the culture of green office, adopting various measures to reduce the use of resources and consumption of energy, and reducing the generation of waste, striving to minimise the impact of the Company's operation on the environment.

ADVOCATING GREEN OPERATION AND IMPLEMENTING ENERGY SAVING AND EMISSION REDUCTION

As a financial institution, consumption of resources and energy of the Company mainly includes water and electricity usage in offices, and fuel consumption of official vehicles. In daily operation, the Company always adheres to and actively fulfils the concept of green operation, vigorously promotes green travel, green office and green procurement, etc., and minimises unnecessary energy consumption through measures such as strengthening energy conservation control at the office area. To raise employees' awareness of environmental protection and reinforce the responsibility for environmental protection, the Company proactively urges employees to take action with details from work and daily life, to save electricity, water and paper, and promote low-carbon life.

The Company actively advocates the culture of "Green Office" and practically implements energy conservation and emission reduction by adoption of various methods. We continuously optimised collaborative office platform, comprehensively promoted the use of "Mobile Office" APP and performed online processing of business flows to improve operational efficiency and reduce the consumptions of office paper, toner cartridges and ink cartridges. We have utilised an efficient conferencing platform and introduced new functions such as electronic whiteboard writing and remote conferencing to enhance the conference quality, make conferences more intelligent, convenient and efficient. Meanwhile, We have promoted video conferences and teleconferences to reduce the energy consumption of accommodation and transportation incurred by on-site participation of employees from different locations. The waste generated from daily operation such as toner cartridges, ink cartridges, packaging and waste paper is collected by the property management company for centralised recycle or disposal, while the e-wastes such as computers and printers are delivered to the recycler for centralised disposal. In addition, we provide green plants for each employee to create an air-fresh office environment, actively organise environmental protection public welfare activities for employees such as trees planting, green brisk walking and waste recycling and clean-up, so as to practice the concept of sustainable development through actions.



ENVIRONMENTAL (Continued)



DEVELOPING GREEN FINANCE TO PROMOTE LOW-CARBON DEVELOPMENT

The Company actively responds to the national strategic development requirements of “Carbon Peak, Carbon Neutrality”, carries out in-depth research on green finance, vigorously explores the innovation of green financial services, strengthens support for green industry, and comprehensively contributes to the construction of ecological civilization.

The Company always focuses on integrating the concept of green finance into business operation, vigorously supports the development of industries such as high-end equipment manufacturing, energy conservation and environmental protection, clean energy, intelligent agriculture through financial tools, to continuously promote sustainable and coordinated development of economy, society and environment.

Case

Investing in new energy automobile material enterprises through trust plan of the Company

In 2020, the Company provided equity investment of RMB15 million to an enterprise specializing in manufacturing new energy automobile materials in the form of LP (limited partner) through the “Duoyingxin New Kinetic Energy Fund Collective Fund Trust” established by the Company to vigorously support the development of new energy industry.

Case

Supporting the independent innovation of tail gas treatment enterprises for blue sky protection campaign

In 2020, the Company invested RMB38 million in an environmental protection enterprise engaged in manufacturing exhaust catalysts of natural gas and gasoline through the sub fund of “Venture Capital Parent Fund for Replacement of New and Old Kinetic Energy in Shandong Province”, which helped the enterprise to carry out independent innovation and contributed to air pollution treatment and the blue sky protection campaign.

Case

Investing in high-end equipment manufacturing enterprises to promote industrial transformation and upgrading

In 2020, through “Anhui Luxin Wanhe Technology Innovation and Entrepreneurship Equity Investment Fund (limited partnership) (安徽魯信皖禾科技創新創業股權投資基金(有限合夥))”, the Company invested RMB35 million in a high-end manufacturing enterprise engaged in five axis CNC machine tool manufacturing, contributing to accelerating the development and revitalisation of high-end equipment manufacturing industry.



ENVIRONMENTAL (Continued)



2020 ENVIRONMENTAL KEY PERFORMANCE INDICATORS

The reporting scope of environmental key performance indicators in this Report refers to Shandong International Trust Co., Ltd..

Emissions

Indicators	2020	2019	2018
Total greenhouse gas emissions (tons)	884.37	983.86	937.08
Greenhouse gas emissions per capita (tons/person)	3.81	4.37	4.46
Greenhouse gas emissions per unit office area (tons/ m ²)	0.080	0.085	0.080
Direct emissions (tons)	20.16	31.40	41.74
– Fuel by official vehicles	20.16	31.40	41.74
Indirect emissions (tons)	864.21	859.46	895.34
– Electricity	864.21	859.46	895.34
Total hazardous waste disposal (tons)	0.52	0.53	0.39
Hazardous waste disposal per capita (tons)	0.0023	0.0024	0.0019
Total non-hazardous waste disposal (tons)	40.76	39.38	36.75
Non-hazardous waste disposal per capita (tons/ person)	0.18	0.18	0.18

Notes:

- Due to the Company's business nature, the greenhouse gas emissions mainly derive from direct emissions from the fuel consumption by official vehicles and indirect emissions from electricity purchased in offices.
- Greenhouse gases include carbon dioxide, methane and nitrous oxide, which is presented by carbon dioxide equivalent in accordance with the China's Regional Grid Baseline Emission Factors For Emission Reduction Projects 2019 (《2019年度減排項目中國區域電網基線排放因子》) issued by the Ministry of Ecological Environment of the People's Republic of China and the 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories (2019 Revision) (《2006年IPCC國家溫室氣體清單指南》(2019修訂版)) issued by the IPCC.
- The intensities of environmental performance indicators in this Report are calculated based on the annual average headcount in the Company. The annual average headcount in the Company is equivalent to the average of the headcount on 1 January 2020 and the headcount on 31 December 2020 of the Company.
- The hazardous wastes produced during the operations of the Company mainly include waste toner cartridges and waste ink cartridges, which are handed over to professional recyclers for disposal by the property management company.
- The non-hazardous wastes produced during the operations of the Company mainly include domestic waste, which is handed over to qualified third parties by the property management company for collecting and transportation. As it cannot be measured separately, we have estimated and adopted the coefficient of per capita generation of 0.7kg domestic waste per day as the basis for calculation according to the Class I standard of Zone I as set out in the Coefficient Manual of the First National Census on Pollution Sources for the Pollutant Generation and Discharge from Urban Living (《第一次全國污染源普查城鎮生活源產排污系數手冊》) issued by the State Council in 2008.



ENVIRONMENTAL (Continued)



Energy and Resources Consumption

Indicators	2020	2019	2018
Total energy consumption (MWh)	1,296.30	1,333.86	1,348.92
Energy consumption per capita (MWh/person)	5.59	5.93	6.42
Energy consumption per unit office area (MWh/m ²)	0.11	0.12	0.12
Direct energy consumption (MWh)	82.35	128.27	170.53
– Fuel by official vehicles	82.35	128.27	170.53
Indirect energy consumption (MWh)	1,213.95	1,205.59	1,178.39
– Electricity	1,213.95	1,205.59	1,178.39
Total water consumption (tons)	7,577.00	8,095.00	7,563.00
Water consumption per capita (tons/person)	32.66	35.98	36.00
Water consumption per unit office area (tons/m ²)	0.66	0.70	0.66

Notes:

1. Total energy consumption is calculated according to consumption of electricity and fuel of the Company and the relevant conversion factors provided in the General Principles for Calculation of Comprehensive Energy Consumption (GB/T 2589–2008) (《綜合能耗計算通則(GB/T 2589–2008)》) issued by Standardisation Administration of the People's Republic of China, including the purchased electricity and fuel by official vehicles (gasoline) of the Company.
2. Water consumption refers to the water used in office buildings of the Company, including tap water and reclaimed water.
3. Due to the Company's operation nature, packaging materials usage is not applicable to our business.



KEY PERFORMANCE TABLE



Category	Key performance indicators	2020	2019
Economic performance	Total assets (<i>RMB100 million</i>)	206.84	145.72
	Total equity (<i>RMB100 million</i>)	101.75	98.10
	Operating Revenue (<i>RMB100 million</i>)	23.06	18.87
	Net profit attributable to shareholders of the Company (<i>RMB100 million</i>)	6.28	6.64
	Size of trust assets (<i>RMB100 million</i>)	2,486.97	2,576.64
	Actively managed trust assets (<i>RMB100 million</i>)	899.82	1,096.77
Social performance	Number of employees (<i>Persons</i>)	235	229
	Male to female ratio	1.45:1	1.48:1



CONTENT INDEX OF ESG REPORTING GUIDE



Aspects	Contents	Reference Page Number
A. Environmental		
A1 Emissions		
General Disclosure	Information on policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	48
A1.1	The types of emissions and respective emissions data.	50
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	50
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	50
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	50
A1.5	Description of measures to mitigate emissions and results achieved.	48
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	48



CONTENT INDEX OF ESG REPORTING GUIDE (Continued)



Aspects	Contents	Reference Page Number
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	48
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity.	51
A2.2	Water consumption in total and intensity.	51
A2.3	Description of energy use efficiency initiatives and results achieved.	48
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	48
A2.5	Total packaging material used for finished products and with reference to per unit produced.	N/A as the Company is not a production company
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	48
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	48



CONTENT INDEX OF ESG REPORTING GUIDE (Continued)



Aspects	Contents	Reference Page Number
B. Social		
B1 Employment		
General Disclosure	Information on 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.	36-38
B2 Health and Safety		
General Disclosure	Information on 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.	17, 37-38
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	38-39



CONTENT INDEX OF ESG REPORTING GUIDE (Continued)



Aspects	Contents	Reference Page Number
B4 Labour Standards		
General Disclosure	Information on policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	38-39
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	14
B6 Product Responsibility		
General Disclosure	Information on 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.	14, 16, 29-30
B7 Anti-corruption		
General Disclosure	Information on policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	13-16
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.	41-45



LUCION

山東省國際信託股份有限公司
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