

恒投证券

HENGTUO SECURITIES

(a joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name "恒泰证券股份有限公司" and carrying on business in Hong Kong as "恒投證券" (in Chinese) and "HENGTUO SECURITIES" (in English))

Stock Code: 1476

2020

**Environmental, Social
and Governance Report**

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1. About This Report

Hengtou Securities, a joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name “恒泰证券股份有限公司” (the “Company”), and its subsidiaries (the “Group” or “we”) are pleased to publish our Environmental, Social and Governance (“ESG”) Report. This report summarizes the Group's work in implementing the concept of sustainable development and fulfilling corporate social responsibility.

Reporting Standard

This report has been prepared in accordance with the Appendix 27 Environmental, Social and Governance Reporting Guide (the “Guide”) to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. This report has complied with all the “comply or explain” provisions in the Guide, and its contents align with the reporting principles of “materiality”, “quantitative”, “balance” and “consistency” in the Guide.

Reporting Scope

This report discloses the overall sustainability performance of the business directly controlled by the Group from 1 January 2020 to 31 December 2020 (the “Year” or the “Reporting Period”). Unless otherwise stated, the content pertains to businesses directly controlled by the Group. For detailed information on corporate governance of the Group, please refer to the “Corporate Governance Report” section of the Group's 2020 annual report or visit the Group's official website (www.cnht.com.cn).

Reporting Language

This report is published in traditional Chinese and English. In the event of inconsistency, the traditional Chinese version shall prevail.

Feedback on the Report

If you have enquiries and suggestions about this report or the Group's sustainability strategy, please feel free to contact us by email (dongban@cnht.com.cn).

2. Group Profile

The Company is a comprehensive, fully licensed securities company approved by the China Securities Regulatory Commission. Its head office is registered in Hohhot, Inner Mongolia Autonomous Region, the People's Republic of China. It has two branch offices in Shenzhen and Changchun, and a total of 122 securities branches across China. The Company has various wholly-owned subsidiaries including Hengtai Changcai Securities Co., Ltd. (恒泰長財證券有限責任公司), Hengtai Futures Co., Ltd. (恒泰期貨股份有限公司), Hengtai Pioneer Investment Co., Ltd. (恒泰先鋒投資有限公司) and Hengtai Capital Investment Co., Ltd. (恒泰資本投資有限責任公司). The Company also holds the equity interest of New China Fund Management Co., Ltd. (新華基金管理股份有限公司).

We adhere to the customer-centric values, mainly engaging in brokerage and wealth management business, investment banking business, investment management business and proprietary trading business. We are committed to wealth management transformation and upgrade in the digital era, providing customers with all-round financial services including brokerage transaction, wealth and asset management, margin financing and securities lending, derivatives. During the Reporting Period, we got the following awards and honours.

Award or honour	Awarding organisation
2020 China Securities Industry Functional Innovation APP Jun Ding Award (2020 年中國證券業功能創新 APP 君鼎獎)	Securities Times, Brokerage China (券商中國), Securities China News Agency (券中社)
Outstanding Financial Technology Award of Chinese Securities Company (中國證券公司傑出金融科技獎)	JRJ.com
Outstanding APP Award of China Securities Company (中國證券公司傑出 APP 獎)	JRJ.com
Outstanding Wealth Management Award of China Securities Company (中國證券公司傑出財富管理獎)	JRJ.com
2020 China Securities Industry Functional Innovation APP Jun Din Award (2020 中國證券業功能創新 APP 君鼎獎)	Brokerage China (券商中國)
Best Functional Innovation App of 2020 Brokerage App Billboard (2020 券商 APP 風雲榜·最佳功能創新 APP)	Sina Finance
2020 Corporate Standard "Leader" (2020 年企業標準「領跑者」)	Enterprise Standard "Leader" Management Information Platform (企業標準「領跑者」管理信息平台)

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Award or honour	Awarding organisation
The GEM Reform Excellent Investment and Education Works Commendation Conference—"The GEM Reform Excellent Investment and Education Works" Participation Award (創業板改革優秀投教作品表彰大會—「創業板改革優秀投教作品」參與獎)	Shenzhen Stock Exchange
2020 Shandong Securities and Futures Investor Protection Short Video Collection—Investor Protection Short Video Collection Excellence Award (2020 年度山東轄區證券期貨投資者保護短視頻徵集活動—投資者保護短視頻徵集活動優秀獎)	Shandong Securities Association (山東省證券業協會)
2020 Shanghai Stock Exchange STAR Market Knowledge Competition Outstanding Organization Award (2020 上海證券交易所科創板知識競答活動—卓越組織獎)	Shanghai Stock Exchange
New 'Securities Law' Knowledge Competition Organization Award Outstanding Organization Award (新《證券法》知識競答活動組織工作獎項—傑出組織獎)	Shanghai Stock Exchange
"Here Come Shareholders" 2020 Investor Rights Knowledge Contest Best Promotion Ambassador (《股東來了》2020 投資者權益知識競賽—最佳宣推大使)	China Securities Investor Services Centre (中證中小投資者服務中心)
"Here Come Shareholders" 2020 Investor Rights Knowledge Contest Best Mobilization Award (《股東來了》2020 投資者權益知識競賽—最佳動員獎)	China Securities Investor Services Centre (中證中小投資者服務中心)
The Best Organization Award of the New "Securities Law" Industry Knowledge Contest 吉林轄區新《證券法》行業知識競賽最佳組織獎	Jilin Securities Regulatory Bureau (吉林證監局), Securities Association of Jilin

3. Sustainability of Business

The Group has always adhered to its core values of “Honest, Innovative, Pragmatic and Cooperating”. We continue to optimize the corporate governance structure, improve the layout of various businesses, and actively fulfil the corporate social responsibilities. The board of directors of the Company (the “Board”) has overall responsibility for ESG strategies and reporting. The Board is responsible for evaluating and determining the ESG-related risks, strengthening risk management and internal control, and supervising the management in reviewing the performance of relevant risk management and internal control systems, in order to ensure business sustainability. The management of the Company has provided confirmation to the Board on the effectiveness of the Company’s ESG-related risk management and internal control systems.



Business Core Values

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The Group attaches great importance to stakeholder relation management. Through establishment of diversified communication channels, we fully understand the concerns and expectations of stakeholders, and formulate short-term and long-term sustainable development strategies for the Group, creating value for stakeholders. During the Year, we contacted stakeholders from different sectors, including shareholders/investors, customers, employees, business partners, suppliers, regulators, media, professional organisations (associations such as Securities Association of China, China Futures Association and Asset Management Association of China), and community/non-governmental organisations.

Stakeholder	Major Concern	Communication Channel
Shareholder/ Investor	<ul style="list-style-type: none"> • Economic performance • Compliance • Information transparency 	<ul style="list-style-type: none"> • Annual general meeting • Investor meeting • Interim report and annual report • Corporate newsletter • Result announcement • Shareholder visiting activity • Establishment of investor education base • Promotional activity for investor education • Phone • Email
Customer	<ul style="list-style-type: none"> • Customer service • Information security • Complaint handling 	<ul style="list-style-type: none"> • Daily operation/communication • Customer service centre • Customer satisfaction survey and opinion form • Customer consultation group • Customer relation manager visit • Online service platform • Phone • Mail box
Employee	<ul style="list-style-type: none"> • Remuneration and welfare • Occupational health and safety • Training and development 	<ul style="list-style-type: none"> • Performance interview/appraisal • Group discussion/meeting • Employee suggestion box • Employee communication conference • WeChat group for work • Publication/business presentation • Employee intranet

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Stakeholder	Major Concern	Communication Channel
Business Partner	<ul style="list-style-type: none"> • Compliance • Mutual development 	<ul style="list-style-type: none"> • Report • Meeting • Visit • Talk
Supplier	<ul style="list-style-type: none"> • Transparent procurement • Sustainable supply chain 	<ul style="list-style-type: none"> • Supplier management procedure • Supplier/Contractor assessment system • Tendering system and process • Meeting • Site visit
Regulator	<ul style="list-style-type: none"> • Information transparency • Compliance 	<ul style="list-style-type: none"> • Compliance report • Daily submission of regulatory document • Written response to public consultation • Meeting
Media	<ul style="list-style-type: none"> • Information transparency 	<ul style="list-style-type: none"> • Press release • Senior management visit • Result announcement • Official Website • WeChat Official Account
Professional Organisation	<ul style="list-style-type: none"> • Information exchange 	<ul style="list-style-type: none"> • Meeting • Regular visit • Membership • Working group
Community/ Non-governmental Organisation	<ul style="list-style-type: none"> • Charity and community service 	<ul style="list-style-type: none"> • Seminar/talk/workshop • Meeting • Promotional activity for investor education

4. Brand Integrity

The Group attaches great importance to corporate brand building and operating business in full compliance with applicable laws and regulations. We continue to improve the compliance management system and risk management system, promote the improvement of service quality, pursuing the long-term and mutual trust relationships with businesses partners and maintaining the corporate reputation and image.

4.1. Integrity and Compliance

The Group implements various anti-money laundering and financial stability work arrangements, and strictly complies with the Supervision Law of the People's Republic of China, Securities Law of the People's Republic of China, Company Law of the People's Republic of China, Securities Investment Fund Law of the People's Republic of China, The Criminal Law of the People's Republic of China, Regulations on Administration Supervision of Securities Company of the People's Republic of China, Regulations for the Administration of Futures Trading, Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies, Notice of the Securities Association of China on Issuing the Guidelines for the Compliance Management of Securities Companies, Law of the People's Republic of China on Anti-money Laundering, Notice of the People's Bank of China on Issuing the Guidelines for the Assessment of Money Laundering and Terrorism Financing Risks and Categorized Management of Customers of Financial Institutions The Group proactively fulfils the anti-money laundering and the financial stabilization obligations of financial institutions.

The Company established a four-level risk management system including the Board, the management, the risk management department and business departments, and has gradually incorporated all subsidiaries into the comprehensive risk management system. We specify the responsibilities of the Board, the Supervisory Committee, the management, all departments, branches and subsidiaries in performing the comprehensive risk management and adopt a securities risk monitoring and management platform with the integration of dynamic risk monitoring on net capitals, market risk management, credit risk management, operation risk management, liquidity risk management, abnormal transaction monitoring and other functions, supporting the collection, identification and measurement, evaluation, monitoring and reporting of various risk information, and establishing a multi-layered, interconnected, effective check and balance operation mechanism.

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The Group formulated the Measures for All-round Risk Management of Hengtai Securities Co., Ltd (《恒泰証券股份有限公司全面風險管理辦法》), the Risk Limit Management Measures of Hengtai Securities Co., Ltd (《恒泰証券股份有限公司風險限額管理辦法》), the Handbook of Risk Management Culture of Hengtai Securities Co., Ltd (《恒泰証券股份有限公司風險管理文化手冊》), the Credit Risk Management Regulations of Hengtai Securities Co., Ltd (《恒泰証券股份有限公司信用風險管理規定》), the Provisions on Client Trading Acts Management of Hengtai Securities Co., Ltd (《恒泰証券股份有限公司客戶交易行為管理規定》), the Regulations on Stress Testing Management of Hengtai Securities Co., Ltd (《恒泰証券股份有限公司壓力測試管理規定》), the New Business (Product) Management Measures of Hengtai Securities Co., Ltd (《恒泰証券股份有限公司新業務(產品)管理辦法》), the New Business Risk Management Rules of Hengtai Securities Co., Ltd (《恒泰証券股份有限公司新業務風險管理細則》) and other systems, continuously promoting the development of a comprehensive risk management system. We also have risk contingency plans on significant risks and emergencies, specifying the emergency triggering conditions, the organizational system, measures, methods and procedures in risk handling, and make continuous improvements through emergency drills and other mechanisms. The Company's audit department also regularly evaluates the comprehensive risk management system to ensure the effectiveness of comprehensive risk management.

In addition, the Group formulated the Compliance Manual (《合規手冊》), Compliance Management Measures (《合規管理辦法》), Regulations on the Management of Employee Integrity Practice Behaviours (《員工廉潔執業行為管理規定》), Discipline Inspection Committee Management Measures for Discipline Inspection and Supervision of Letters and Visits (《紀律檢查委員會紀檢監察信訪舉報工作管理辦法》), Information Isolation Wall Management Measures (《信息隔離牆管理辦法》), etc. The Group may standardize the personal behaviour of employees with high professional ethics standards. We encourage employees and those who have business dealings with the Group to report possible fraud within the Group through letters, visits, telephone calls, emails, faxes, etc. The Compliance Department will handle relevant reports in accordance with the Report Handling Regulations (《舉報處理規定》) and follow the principles of objectivity, fairness, timeliness and confidentiality.

4.2. Creating value for Customers

The Group continues to improve the service quality and is dedicated to creating value for the customers. In order to standardize the customer complaint handling mechanism, the Group has formulated the Regulations on the Management of Customer Complaints in the Sales Department (《營業部客戶投訴管理規定》) to clarify the complaint handling process. Related departments specially designate personnel to continuously monitor the complaints and whistle-blowings in all branches and departments, and provide guidance on properly dealing with complaints and whistle-blowings for relevant departments.

The customers can express their opinions on the service through on-site complaints, telephone calls, faxes, letters, e-mail addresses, and websites. We would classify the complaints according to the nature, scope, frequency and severity of the complaints, and pass them to the relevant departments for follow-up. After the complaint is handled, we would conduct a special return visit to the complaining customer in a timely manner to understand the customer's satisfaction with the complaint handling. We also require the complaint acceptance staff to fill in the Sales Department Customer Complaint Acceptance Form (《營業部客戶投訴受理表》), Sales Department Customer Complaint Handling Form (《營業部客戶投訴處理表》) and "Sales Department Customer Complaint Revisit Feedback Form (《營業部客戶投訴回訪反饋表》), and archive relevant customer transcripts, audio recordings, and emails for future reference.

During the Reporting Period, 4 issues of quarterly reports and 12 issues of monthly reports on clients' complaints were submitted and reported to the regulatory authorities, and 13 reports on complaints were delivered to the regulatory authorities for handling; the Group received 91 complaints, all of which have been properly handled in accordance with the procedures and requirements of the Management of Customer Complaints in the Sales Department.

4.3. Ensuring Information Security

The Group relies on information systems to process business transactions and regards the protection of customer privacy as one of its key tasks. We strictly abide by the Law of the People's Republic of China on Guarding State Secrets, the Implementation Measures of the Law on the Protection of State Secrets of the People's Republic of China, and the Detailed Rules for the Implementation of the Law on the Protection of State Secrets of the Inner Mongolia Autonomous Region, etc., ensuring customer information security in all aspects of business marketing activities, customer service, customer management, back-end system support.

The Group has formulated the Confidentiality Management Measures (《保密管理辦法》), the Information System Data Management Measures (《信息系統數據管理辦法》), the Business Department Confidentiality Work Code (《營業部保密工作守則》), the Business Department Brokerage Business Operation Platform Authority Management Rules (《營業部經紀業務運營平台權限管理細則》), and the Securities Business Department Client File Management Regulations (《證券營業部客戶檔案管理規定》), etc., implementing standardized management of customer files and strengthening the monitoring of information systems through multiple measures such as reviewing applications for information review, MAC addresses, dynamic verification codes, account passwords, and minimizing permissions.

In terms of business information disclosure, the Group complies with the Advertising Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Implementation Rules of the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other laws and regulations, ensuring the delivery of true, accurate and complete information to the public, and safeguarding the patent rights, trademark rights, copyrights and other intellectual property rights of the Group and the business partners. The Group continues to improve the organization and procedures of intellectual property management. We closely monitor the registration and use of all intellectual property rights, and evaluate the risks that may arise from potential infringement and/or counterfeiting claims, so as to formulate and adopt corresponding mitigation measures.

During the Reporting Period, the Group did not receive any reports of violation of laws and regulations related to advertising, labelling and privacy in the services provided.

4.4. Supply Chain Management

We comply with the People's Republic of China Tendering and Bidding Law and other laws and regulations, and continue to pay attention to the sustainability of the business supply chain. The Group has formulated the Management Measures for Centralized Procurement (《集中採購管理辦法》) to clarify the organizational structure of centralized procurement and standardize the process of centralized procurement. In order to strengthen the prevention of moral hazards and operational risks in the procurement process, the Audit Department will regularly audit and inspect the procurement process to ensure that the selected suppliers meet the needs of various business and management.

Based on the principles of fairness, impartiality, openness, economy, efficiency and effectiveness, the Group selects suppliers who comply with laws and regulations, regulate business operations, pay taxes in accordance with the laws, maintain a good business reputation, own a well-established financial and accounting system, provide products and services that meet the national or industry standards and requirements, and have the ability to perform contracts. We fully consider the supplier's fulfilment of social responsibilities. Where reasonable and practicable, the Group would give priority to products and services that have relevant environmental labels, and can effectively use resources and reduce the generation of hazardous and non-hazardous waste.

5. Professional Team

Employees are the important and valuable assets of the Group. We have formulated the Employee Handbook (《員工手冊》), Human Resource Management Related Work Operation Requirements (《人力資源管理相關工作操作要求》), Notice on Regulating Human Resource Management Operation Process 《關於規範人力資源管理操作流程的通知》, etc., and established a sound human resource management system which can effectively protect the rights and interests of employees and create development opportunities for the employees. As at 31 December 2020, the Group had 2,674 employees in total.

5.1. Employee Recruitment Management

The Group pays attention to the rights and interests of employees and pursues a workplace environment that is diversified and equal, free from harassment or discrimination. We strictly comply with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, the Provisions on Prohibition of Child Labour, and other labour and employment laws and regulations. During the Reporting Period, the Group did not violate any relevant laws and regulations related to salary and dismissal, recruitment and promotion, working hours, equal opportunities, diversity, anti-discrimination, prevention of child labour or forced labour. No cases of hiring child labour or forced labour was found in the Group.

The Group adheres to the employment principles of "careful organization, comprehensive evaluation, fairness and justice, selection of the best". In designing the Board's composition, we consider the diversity of board members from multiple aspects to ensure that the board members reach an appropriate balance in terms of skills, experience, and perspectives, so as to enhance the effective operation of the board and maintain a high standard of corporate governance. In terms of recruiting employees, the education, skills, work experience, conduct of the applicants are our important considerations, and their gender, age, race, family background will not affect their opportunity of employment.

During the recruitment process, we would check the applicant's identity documents and conclude labour contracts with employees on the basis of consensus to strictly prevent the use of child labour or forced employees. We also implement a standard working hour system, requiring all employees to work no more than 40 hours a week to protect their legitimate rights and interests. If an employee is found to provide false information during the employment process, the Group has the right to terminate the employment relationship in accordance with the labour contract. In addition, we provide employees with career development channels for vertical promotion and horizontal development. Employees can seek suitable career development opportunities according to their own development needs. Regarding employee resignation, the Human Resources department would conduct interviews with the personnel in key positions to understand the reasons for their resignation, and to identify and manage the resignation-related matters. We would also make arrangements in accordance with the Administrative Measures for Employee Resignation (《員工離職管理辦法》), relevant laws and regulations and the labour contract to prevent unfair incidents from happening.

5.2. Employees' Benefits and Remuneration

The Group offers market-competitive employee salaries and benefits to attract and retain talents. We have formulated the Welfare Management Measures (《福利管理辦法》), the Employee Social Security Management System (《員工社會保障管理制度》), and a market-oriented, risk management and performance appraisal-based employee compensation structure, ensuring that employees receive reasonable remuneration. In addition to statutory holidays, employees may enjoy sick leave, work injury leave, personal leave, annual leave, marriage leave, bereavement leave, prenatal leave, maternity leave and family planning leave. During the Reporting Period, the Group did not receive any reports of violation of laws and regulations that have a significant impact on the Group related to holidays and other welfare and benefits.

We provide employees with special benefits such as heating fees, heatstroke prevention and cooling fees, festival fees, and team activity fees as appropriate. The fixed salary of employees includes post salary, fixed subsidies and special allowances while the variable salary includes annual performance bonuses, special awards and other rewards. The Group would adjust employees' remuneration timely based on the local economic development level, labour market prices, and annual employee performance appraisal results. In accordance with relevant Chinese laws and regulations, the Group makes contributions to the national retirement benefit plan for eligible employees. The social security provided includes basic medical insurance, basic endowment insurance, unemployment insurance, work injury insurance, maternity insurance and housing provident fund.

5.3. Employee Training and Development

The Group highly values staff training, and is committed to enhancing employees' vocational capabilities and widening their room for promotion by way of training and others. We conducted interviews about training demand for the Company's middle and senior management, issued questionnaires about training demand to the staff, to understand the training demand of personnel at various levels. Based on the strategic planning of the Company and the survey results of training demand, we prepared the 2020 Training Plan of Hengtai Securities Co., Ltd and carried out various trainings regarding compliance and risks management by internal and external compliance trainings and various forms of promotion. The training includes interpretation of corporate systems, interpretation of laws and regulations, anti-money laundering training, training on matters relating to reporting and filing for securities business operators, and various compliance promotion.

In the meantime, we carried out the selection and training of internal trainers, continuously optimized the online training system, and promoted the retention and sharing of training resources, the establishment of internal trainers and curriculum systems. In addition, the "Learning Free (暢學)" service, which is the follow-up training system of the Securities Association of China, was opened for all staff so that the staff can learn all of the courses in the follow-up training system of the Securities Association of China for free and without limit to class hours.

During the Reporting Period, the percentage of employees trained and the average training hours by gender and employee category of the Group are as follows:

	percentage of employees trained	average training hour
By gender		
Female	99.7%	25.9
Male	99.9%	25.8
By employee category		
Junior staff	99.9%	23.2
Middle management	99.7%	39.5
Senior management	98.0%	37.7

5.4. Occupational Health and Safety

The Group strictly complies with the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Safety Production Law of the People's Republic of China, the Fire Protection Law of the People's Republic of China, the Workplace Occupational Health Supervision and Administration Regulations, the Work Injury Insurance Regulations and other laws and regulations, and is committed to providing a safe working environment for the employees and protecting them from occupational hazards. We have established a complete safety early warning system and implemented work safety emergency measures. During the Reporting Period, the Group did not violate any relevant laws and regulations regarding the provision of a safe working environment and protection of employees from occupational hazards, and there were no lost working days due to work-related injuries or serious accident or deaths of employees due to work relations.

The Group strictly prohibits anyone from smoking in the workplace and provides employees with necessary protective equipment. We also purchase group commercial insurance for employees based on actual conditions, and provide accidental injury protection and hospitalization subsidies for accidents and illnesses. In addition, the Group liaises with professional medical institutions to organize an occupational health examination for employees every year, establish health files for employees based on the results of the physical examinations, and provide employees with health information in a timely manner. In order to strengthen employees' ability for responding to accidents and emergencies, the Group regularly holds rescue and fire drills, and provides employees with occupational safety education to improve their occupational safety awareness.

In 2020, there was a sudden outbreak of COVID-19. The Group adopted an online office model in early 2020 to reduce employees' concerns about working at the office. While preventing the risk of COVID-19, the Group arranges diversified employee activities from time to time, such as a healthy running event with the theme of "Striving Ahead with Renewed Perseverance while everyone is in a same boat ", so that employees can relax their minds and bodies.

6. Environmental Protection

The Group has been attaching great importance to environmental protection. We strictly comply with the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Water Pollution Prevention and Control Law of the People's Republic of China and other laws and regulations, and continuously identify and manage the impact of business operation on the environment and natural resources, committing to develop into a green financial corporate. Since our business operations are office-based, we formulated the Regulations on the Management of Office Environment (《辦公環境管理規定》), improving the overall environmental performance of the Group through measures such as resource protection, resource recycling as well as energy conservation and emission reduction in office areas. During the Reporting Period, the Group did not receive any reports of violation of environmental protection laws or any major accidents affecting the environment and natural resources, or received any penalties and litigation notices regarding environmental issues.

6.1. Energy Conservation and Emission Reduction

We carried out greenhouse gas inventory with reference to the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development, and to the ISO14064-1 standard from the International Organization for Standardization. During the Year, the greenhouse gas emissions from the Group's Hohhot office are as follows:

		Unit	2020
Scope 1	Direct greenhouse gas emission	Tonnes of carbon dioxide equivalent (tCO ₂ e)	21.3
Scope 2	Indirect greenhouse gas emission	tCO ₂ e	2,275.7
Scope 3	Other indirect greenhouse gas emission	tCO ₂ e	20.9
Greenhouse gas emissions		tCO ₂ e	2,317.8
Greenhouse gas emission intensity (per square meter)		tCO ₂ e/m ²	0.2

Scope 1: The direct greenhouse gas emissions generated from the fuel consumption of fixed equipment and vehicles owned and controlled by the Group.

Scope 2: The greenhouse gas emissions indirectly caused by the use of electricity related to business activities of the Group.

Scope 3: The greenhouse gas emissions indirectly generated by water consumption, waste disposal and paper consumption related to business activities of the Group.

We implement energy-saving and consumption-reduction measures at all levels of our business operations to strengthen the management of greenhouse gas emissions. The Group actively promotes employees' awareness of environmental protection, encourages employees to choose public transportation as much as possible, and uses video conferencing to replace non-essential overseas trips. We also monitor the fuel consumption of our fleets, and eliminate vehicles that do not meet environmental protection standards in a timely manner through strict management of the use, quality and preparation of our vehicles. The Group arranges regular inspections and maintenance for the fleet to ensure proper functioning of the engines, tires and other components, improving fuel efficiency.

In addition, the Group implements a number of energy management measures in the office. We use energy-efficient lamps and regularly measure the brightness of different locations in the office to reduce the number of lamps in areas that are above the required brightness. We also use a centrally monitored water-cooled air-conditioning system with variable-speed drives to adjust the water pump and fan system according to actual needs to ensure that the air-conditioning temperature in the office area is maintained within a reasonable range. On a basis of not affecting the corporate image, the Group allows employees to wear light clothing to work in order to reduce the demand for air-conditioning systems. The Group reminds employees to turn off unnecessary electronic equipment from time to time, and clean the filters of lighting installations and air-conditioning systems regularly to improve energy efficiency.

During the Year, the electricity consumption of the Group's Hohhot office was 3,730.0 MWh, and the electricity consumption intensity was 266.4 kWh per square meter; the fixed equipment and the motor fleet under the name of the Group consumed a total of 9,000.0 cubic meters of natural gas and 616.0 liters of gasoline. The Group will continue to monitor the use of fuel and electricity related to business activities and adjust the energy-saving and consumption-reduction measures in due course.

6.2. Paperless Office

The Group actively advocates paperless office and encourages employees to use electronic communication technologies such as WeChat and email to deliver information as much as possible. We use the "Hengtai Integrated Office Secretary" system to replace the traditional paper-based office administration system, allowing users to access and save data on the electronic office network as authorized to reduce the need for data distribution and storage facilities. In addition, we encourage employees to use papers properly, remind them to use double-sided printing or reuse paper as much as possible, and collect papers that have been used on one side for recycling. During the Reporting Period, the total amount of paper used in the Hohhot office of the Group was 1,706.3 kg, and the intensity of paper consumption was 4.6 kg per employee. In the coming years, we will continue to monitor the amount of office paper consumption and improve the electronic office system to achieve a green paperless office.

6.3. Water Conservation

The Group continues to monitor the water consumption in the course of business operations and advocates employees to cherish the water resources. We remind employees from time to time to turn off the faucet and make good use of the function of the dual-system flush toilet. Where conditions permit, the Group installs and uses sensor faucets and reduces the water pressure so that users can use water as needed. We also encourage employees to wash items with containers instead of washing them under running water for a long time, and to use high-pressure atomizing faucets while washing cars. In addition, we properly conduct daily maintenance and management, check the readings on the water meters regularly, and conduct leakage tests on concealed water pipes to arrange maintenance work in a timely manner to reduce wastage caused by leakage. During the Year, the water consumption of the Group's Hohhot office during its operation was 6,240.0 cubic meters, and the water consumption intensity was 0.4 cubic meters per square meter. The Group has no problems in obtaining suitable water sources. In the coming years, the Group will continue to monitor water consumption during business operations and cultivate the habit of cherishing water resources of employees.

6.4. Waste management

The Group follows the principle of "reduction, harmlessness, and resource utilization" and supports responsible use of various materials. We reduce the purchase and use of disposable or non-recyclable products, and adopt the approach of "using material that bought first" to avoid missing the expiration date of materials and wasting them. The Group also counts the inventory of various materials and assesses their consumption from time to time to avoid excessive purchases.

In terms of waste disposal, the Group has continued to implement internal recycling measures for the office consumables, the computer consumables and the other electronic wastes, and handle them using environmentally-friendly methods. In addition, we signed an agreement with the designated kitchen waste collection and transportation service unit, to collect and transport kitchen waste in a centralised manner, strengthening pollution prevention and control. During the Year, the total amount of non-hazardous waste generated by the Group's Hohhot office was 3,000.0 kg, and the intensity of non-hazardous waste generation was 8.1 kg per employee; hazardous waste included 390 batteries and 100 used ink cartridges/ used toner cartridges.

7. Contribution to Society

The Group always considers the interests of the communities in which it operates. We make use of our professional advantages to implement various investor education work, and provide investors with meaningful investor education products and services that meet their needs. We also pooled resources and strengths in all aspects together in carrying out poverty alleviation and other social activities for public benefit in a proactive manner, contributing to society substantially.

7.1. Investor Education

The Company attaches great importance to investor education in protecting the legitimate interests of investors and promoting the standardized, healthy and orderly development of the market. We provide investors with free online investment advisory live broadcast professional services through the company's APP and WeChat official account. In order to serve the economic and social development of ethnic minority areas, we have a Mongolian version of the online investor education content published on the website and the WeChat official account of the investor education base.

In order to effectively facilitate the visit and learning of investors and enable the investors to have better experience, the Group has constructed an investor education base along the street of the head office of the Company located in the downtown of Hohhot, Inner Mongolia Autonomous Region, the People's Republic of China, to provide a systematic learning platform for investors. The investor education base is open daily from Monday to Saturday, and is open by appointment on holidays. We actively invite investors to walk into the base to experience by themselves. Focusing on investors' demands through "inviting into the inside" and "reaching out to the outside", we organised education activities for different types of investors to improve investors' financial literacy and risk prevention awareness.



Investor Education Base

Through the course system on investor education established with the hierarchical and classified investor education concept, we conducted activities in universities and provided continuous investor education services to energetically advance the effective implementation of the “adopting investor education into the national education system”, help young students develop proper investment attitude and master fundamental investment knowledge to inject new vitality into the capital market in the future.

During the Reporting Period, the Group actively organised and conducted multiform investor education activities in listed companies, communities, squares, colleges and universities, enterprises and other places, focusing on popularizing securities knowledge, establishing rational investment concept and promoting risk prevention with the participation of nearly 80,000 investors. It has distributed nearly 100,000 copies of brochures and booklets on investor education to investors. In addition, we also vigorously participated in activities organised by regulatory authorities, designed and produced investor education products, which won the Outstanding Organization Award in knowledge contest of the SSE STAR Market issued by the Shanghai Stock Exchange and the Best Mobilization Award in the 2020 knowledge contest of investors’ rights and interests titled “Here Come Shareholders” organised by the China Securities Investor Services Centre (中證中小投資者服務中心). The Company’s selected teaching works were also shown on the websites and official accounts of the regulatory authorities for many times.

7.2. Poverty Alleviation

In active response to the industry call, the Group supports industrial development of poverty-stricken areas. During the Year, we assisted Hubei Province Huajian Stone Co., Ltd. (湖北省華建石材股份有限公司) in completing the listing and trading of its new shares, with the proceeds raised amounting to RMB11.85 million.

In respect of poverty alleviation through public welfare undertakings, the Group supports poverty alleviation works of poverty-stricken areas through livelihood assistance, industrial development, education and training, consumption assistance. We assisted the national poverty-stricken counties in Taipusi Banner of Xilin Gol League, Arxaan City, Siziwang Banner in Ulanqab City and Chayouzhong Banner in Ulanqab City, and actively implemented poverty alleviation in various forms of assistance, a total of RMB6.475 million was invested to help public welfare projects such as education, medical care, planting and breeding industry, tourism poverty alleviation industry, purchase of agricultural products, etc. in the above-mentioned impoverished areas. We also use our own professional advantages to actively carry out intellectual poverty alleviation work in poverty-stricken areas, and has organised "Precision Poverty Alleviation, Intellectual Poverty Alleviation-Hengtai Securities Co., Ltd. enters into the national poverty-stricken counties" investor education and capital market training activities in Taipusi Banner, Arxaan City, Siziwang Banner and Chayouzhong Banner, respectively.

7.3. Fighting against the COVID-19 Pandemic

Facing the outbreak of COVID-19 Pandemic, the Group made a donation of RMB12.50 million to the front line of pandemic prevention in Hubei Province, which represented a practical action to assist Hubei Province in fighting against the COVID-19 pandemic. The Party Committee of the Company also organised the Party members to make donations on a voluntary basis in support for the fight against the COVID-19 pandemic, and each Party branch took prompt actions and Party members made active responses. A total of 267 Party members voluntarily donated RMB71,554.52, which was transferred to a designated account of the organization department of the higher-level Party Committee for united arrangement of use by the organization department of the Inner Mongolia Autonomous Region. The donations would be mainly used for consolation to the medical personnel, grassroots cadres and masses, police officers, community workers and other people fighting in the front line of the pandemic prevention and control, assistance to people who sunk into difficulties or died due to suffering from the COVID-19 pandemic, condolence to the family of the cadres and masses who sacrificed themselves in the fight of pandemic prevention and control, and other purposes.

We paid attention to the pandemic prevention and control in national poverty-stricken counties for which the Company provides partner assistance. After being aware of the shortage of materials for pandemic prevention and control in the front lines of five national poverty-stricken counties with partner assistance of the Company, i.e. Arxaan City, Chayouzhong Banner in Ulanqab City, Siziwang Banner in Ulanqab City, Wengniute Banner of Chifeng City and Taipusi Banner of Xilin Gol League, we instantly allocated a batch of materials for pandemic prevention and control, including 2,000 safety goggles and 5,000 medical gloves and successively delivered them to local offices of poverty alleviation of those five counties for united deployment and use by local healthcare commissions, supporting the pandemic prevention and control works .

The Group constantly pays attention to health protection for medical workers fighting in the front line of antipandemic. In order to implement the important instruction from General Secretary Xi Jinping in relation to showing care for the medical personnel participating in the pandemic prevention and control and to express gratitude to the broad medical workers who proceeded without hesitation and stood firm at their posts, healed the wounded and rescued the dying in the front line of the pandemic prevention and control day and night for their significant and selfless contribution, the Labour Union of the Company organised a voluntary donation themed "Concerning over the Pandemic and Blessings from Hengtai". A total of 1,517 employees voluntarily donated RMB280,743.28, which, was used by the Company together with Tianfeng Securities, Dang Dai Gongyi (當代公益) and Xinxin Charity (欣鑫慈善) for purchase of relevant pandemic prevention and control supplies, daily necessities and medical facilities. On occasion of the Women's Day, we delivered the supplies to the medical workers from the medical teams in support for Hubei Province for consolation, making modest contributions to the fight against the pandemic.



Delivery of the consolation supplies to the medical teams in support for Hubei Province

Appendix I: Summary of Sustainability Data

The following is a summary of the environmental data of the Group's headquarters office in Hohhot this Year:

	Unit	2020
Air Emission[^]		
Nitrogen oxides	kg	4.33
Sulphur oxides	kg	0.01
Particulate matter	kg	0.41
Greenhouse Gas Emission		
Direct greenhouse gas emission (Scope 1)	tCO ₂ e	21.3
Indirect greenhouse gas emission (Scope 2)	tCO ₂ e	2,275.7
Indirect greenhouse gas emission (Scope 3)	tCO ₂ e	20.9
Greenhouse gas emission (Scope 1, 2 and 3)	tCO ₂ e	2,317.8
Greenhouse gas emission intensity	tCO ₂ e/m ²	0.2
Energy Consumption		
Natural gas consumption	m ³	9,000.0
Unleaded petrol consumption	litre	616.0
Purchased electricity consumption	MWh	3,730.0
Purchased electricity consumption intensity	kWh/m ²	266.4
Water Consumption		
Water consumption	m ³	6,240.0
Water consumption intensity	m ³ /m ²	0.4
Paper Consumption		
Paper consumption	kg	1,706.3
Paper consumption intensity	kg/capita	4.6
Waste Generation		
Non-hazardous waste generation	kg	3,000.0
Non-hazardous waste generation intensity	kg/capita	8.1
Hazardous waste generation (battery)	piece	390
Hazardous waste generation (ink cartridge and toner box)	piece	100

[^] Data are estimated based on the fuel usage of the Group's vehicle

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The following is a summary of the Group's human resource data for the Year:

		2020
Total number of employees	number of people	2,674
Number of employees by gender		
Female	number of people	1,282
Male	number of people	1,392
Number of employees by employee category		
Junior staff	number of people	2,243
Middle management	number of people	380
Senior management	number of people	51
Number of employees by age group		
Aged below 30	number of people	713
Aged between 30 and 40	number of people	1,207
Aged above 40	number of people	754
Number of employees by geographical region		
Inner Mongolia	number of people	849
Beijing	number of people	573
Shanghai	number of people	432
Jilin	number of people	263
Guangdong	number of people	174
Zhejiang	number of people	123
Shandong	number of people	61
Chongqing	number of people	45
Liaoning	number of people	41
Jiangsu	number of people	32
Sichuan	number of people	15
Fujian	number of people	11
Hunan	number of people	11
Guangxi	number of people	9
Hubei	number of people	8
Shanxi	number of people	6
Henan	number of people	6
Hebei	number of people	5
Tianjin	number of people	5
Shaanxi	number of people	5

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	2020
Employee turnover rate*	15.7%
Employee turnover rate by gender*	
Female	14.1%
Male	17.2%
Employee turnover rate by employee category*	
Junior staff	17.6%
Middle management	5.3%
Senior management	11.8%
Employee turnover rate by age group*	
Aged below 30	20.2%
Aged between 30 and 40	16.7%
Aged above 40	9.9%
Employee turnover rate by geographical region*	
Inner Mongolia	5.3%
Beijing	22.5%
Shanghai	24.8%
Jilin	1.9%
Guangdong	32.2%
Zhejiang	32.5%
Shandong	21.3%
Chongqing	2.2%
Liaoning	4.9%
Jiangsu	3.1%
Sichuan	46.7%
Fujian	27.3%
Hunan	36.4%
Guangxi	0.0%
Hubei	25.0%
Shanxi	0.0%
Henan	16.7%
Hebei	20.0%
Tianjin	60.0%
Shaanxi	0.0%

*The employee turnover rate is calculated by dividing the number of employees lost by the number of employees at the end of the Year.

Appendix II: Content Index of Hong Kong Stock Exchange ESG Reporting Guide

			Related Section(s)/ Remark	Page(s)
A. Environmental				
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Protection — Energy Conservation and Emission Reduction; — Waste management	P. 18-19, P. 21
			The Group's business does not involve significant discharges into water and land.	
	A1.1	The types of emissions and respective emissions data.	Summary of Sustainability Data	P. 27-28
	A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	Environmental Protection — Energy Conservation and Emission Reduction; Summary of Sustainability Data	P. 18-19, P. 27-28
	A1.3	Total hazardous waste produced and, where appropriate, intensity.	Environmental Protection — Waste management; Summary of Sustainability Data	P. 21, P. 27-28
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	Environmental Protection — Waste management; Summary of Sustainability Data	P. 21, P. 27-28
	A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Protection — Energy Conservation and Emission Reduction	P. 18-19
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Protection — Waste management	P. 21

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			Related Section(s)/ Remark	Page(s)
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Protection — Energy Conservation and Emission Reduction; — Water Conservation; — Paperless Office; — Waste management	P. 18-21
	A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Environmental Protection — Energy Conservation and Emission Reduction; Summary of Sustainability Data	P. 18-19, P. 27-28
	A2.2	Water consumption in total and intensity.	Environmental Protection — Water Conservation; Summary of Sustainability Data	P. 20, P. 27-28
	A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Protection — Energy Conservation and Emission Reduction	P. 18-19
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Protection — Water Conservation;	P. 20
	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Not applicable, the Group's business does not involve packaging materials	
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Protection	P. 18-21
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection	P. 18-21

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			Related Section(s)/ Remark	Page(s)
B. Social				
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Professional Team — Employee Recruitment Management; — Employees' Benefits and Remuneration	P. 14-15
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Summary of Sustainability Data	P. 27-28
	B1.2	Employee turnover rate by gender, age group and geographical region.	Summary of Sustainability Data	P. 27-28
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Professional Team — Occupational Health and Safety	P. 17
	B2.1	Number and rate of work-related fatalities.	Professional Team — Occupational Health and Safety	P. 17
	B2.2	Lost days due to work injury.	Professional Team — Occupational Health and Safety	P. 17
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Professional Team — Occupational Health and Safety	P. 17

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			Related Section(s)/ Remark	Page(s)
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Professional Team — Employee Training and Development	P. 16
	B3.1	The percentage of employees trained by gender and employee category.	Professional Team — Employee Training and Development	P. 16
	B3.2	The average training hours completed per employee by gender and employee category.	Professional Team — Employee Training and Development	P. 16
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Professional Team — Employee Recruitment Management	P. 14-15
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Professional Team — Employee Recruitment Management	P. 14-15
	B4.2	Description of steps taken to eliminate such practices when discovered.	Professional Team — Employee Recruitment Management	P. 14-15
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Brand Integrity — Supply Chain Management	P. 13
	B5.1	Number of suppliers by geographical region.	Due to the nature of the business, the Group has no major suppliers.	
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Brand Integrity — Supply Chain Management	P. 13
Due to the nature of the business, the Group has no major suppliers.				

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			Related Section(s)/ Remark	Page(s)
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Brand Integrity — Creating value for Customers; — Ensuring Information Security	P. 11-12
			Health and safety of products advertising, labelling and privacy matters relating to products: Not applicable to the Group's business	
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to the Group's business	
	B6.2	Number of products and service related complaints received and how they are dealt with.	Brand Integrity — Creating value for Customers	P. 11
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Brand Integrity — Ensuring Information Security	P. 12
	B6.4	Description of quality assurance process and recall procedures.	Not applicable to the Group's business	
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Brand Integrity — Ensuring Information Security	P. 12

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			Related Section(s)/ Remark	Page(s)
B7: Anticorruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Brand Integrity — Integrity and Compliance	P. 9-10
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	The Group will consider making relevant disclosure in the future.	
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Brand Integrity — Integrity and Compliance	P. 9-10
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.	Contribution to Society	P. 22-26
	B8.1	Focus areas of contribution.	Contribution to Society	P. 22-26
	B8.2	Resources contributed to the focus area.	Contribution to Society	P. 22-26