

# 恒投证券

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" and carrying on business in Hong Kong as "恒投證券" (in Chinese) and "HENGTOU SECURITIES" (in English))

**Stock Code: 1476**

# 2021

**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 (the “Report”). The Report summarizes the Group's work in implementing the concept of sustainable development and fulfilling corporate social responsibility.

## Reporting Standard

The Report is 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. The Report has complied with all the “comply or explain” provisions and reporting principles in the Guide.

<b>Materiality</b>	The Report has identified and disclosed the procedures and standards for selecting the ESG factors, as well as the description of stakeholders and their participation and results.
<b>Quantitative</b>	The Report contains standards, methods, assumptions and/or calculation tools for the emission/energy consumption (as applicable) statistics, and the source of conversion factors, all of which are explained in the definition of the Report.
<b>Balance</b>	The Report provides an unbiased picture of the Company's performance, and avoids selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.
<b>Consistency</b>	The Report uses consistent statistical method for disclosing the data. Changes (if any) are clearly explained in the Report.

## **Reporting Scope**

The Report focuses on the major business of the company, and discloses the overall sustainability performance of the business from 1 January 2021 to 31 December 2021 (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 2021 annual report or visit the Group’s official website ([www.cnht.com.cn](http://www.cnht.com.cn)).

## **Reporting Languages and Access to the Report**

The Report is published in Chinese and English versions which are uploaded on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Group’s official website ([www.cnht.com.cn](http://www.cnht.com.cn)). In the event of inconsistency between the Chinese and the English versions, the Chinese version shall prevail.

## **Approval of the Report**

The Report has been confirmed by the management, followed by the approval by the Board of Directors of the Group (the “Board”).

## **Feedback on the Report**

If you have enquiries and suggestions about the Report or the Group’s sustainability strategy, please feel free to contact us by email ([dongban@cnht.com.cn](mailto:dongban@cnht.com.cn)).

## 2. Group Profile

As a comprehensive, fully licensed securities company, the Group has registered its head office in Hohhot, Inner Mongolia Autonomous Region, the People's Republic of China. We have a total of 122 securities branches across China, along with various wholly-owned subsidiaries including Hengtai Changcai Securities Co., Ltd. (恆泰長財證券有限責任公司), Hengtai Futures Co., Ltd. (恆泰期貨股份有限公司), Hengtai Pioneer Investment Co., Ltd. (恆泰先鋒投資有限公司) and Hengtai Capital Investment Co., Ltd. (恆泰資本投資有限責任公司), and holds the equity interest of New China Fund Management Co., Ltd. (新華基金管理股份有限公司).

We uphold the core values of "Integrity, Innovation, Pragmatism and Cooperation", adhere to "customer-oriented", and devote ourselves to the transformation and upgrading of wealth management in the digital age, providing customers a full range of financial services, including brokerage transactions, wealth and asset management, margin financing, securities lending, derivatives, etc.

The awards and honours attained during the Year include:

Award or honour	Awarding organisation
2021 International Data Corporation China Financial Industry Technology Application Scenario Innovation Award (2021 年度國際權威資料公司(IDC)中國金融行業技術應用場景創新獎)	IDC China Digital Finance Forum (IDC 中國數字金融論壇)
2021 Annual Star Team of Securities Industry in Operation and Maintenance (2021 年度證券行業運維領域年度明星團隊)	GreatOPS Community, DevOpsTimes Community(高效運維社區、DevOps 時代社區)
2021 Three-Year Bond Golden Bull Asset Management Plan Award(2021 三年期債券型金牛資管計畫獎)	China Securities Journal (中國證券報)

Award or honour	Awarding organisation
Outstanding Financial Technology Award of Chinese Securities Company and Outstanding APP Award of China Securities Company(中國證券公司傑出金融科技獎和中國證券公司傑出 APP 獎)	JRJ.com
Best Performance Innovation Award, Best Quality Innovation Award and Best Application Experience Award(最佳效能創新獎、最佳品質創新獎及最佳應用體驗獎)	QECon
National Securities and Futures Investor Education Base Award(全國證券期貨投資者教育基地授牌)	China Securities Regulatory Commission(中國證監會)
Social Responsibility Category "Excellent Investment and Education Brand Award"(社會責任類「優秀投教品牌獎」)	Daily Brokerage News(每日經紀新聞)
Worker's Pioneer(工人先鋒號)	Inner Mongolia Federation of Trades Unions(內蒙古總工會)

## 3. Sustainability Strategy

### 3.1 Statement of the Board

To strengthen the management of the ESG-related tasks, we have established the ESG governance structure. The Board will be responsible for leading and supervising ESG-related tasks, in order to better handle the opportunities and risks regarding sustainability. The Board regularly deliberates and reviews ESG approach and strategies, including approval and confirmation of ESG-related targets, reviewing the progress of the target, evaluation, prioritization, etc. We have set environment-related directional targets. In the future, we will conduct a progress review based on the Group's ESG-related targets to monitor and improve sustainable development of our work.

### 3.2 ESG Governance Structure

To ensure the proper implementation of ESG-related tasks, and to assist the Board to better supervise the ESG-related tasks of the Group, the Group has established an ESG working group, forming a management structure of the Board, an ESG working group and implementation level. The details are as follows:



The Board takes full responsibility for the ESG strategy and reporting of the Group, including:

- Review and manage material ESG issues, risks and opportunities;
- Examine and approve ESG management approach, strategies, priorities and targets;
- Regular review the progress of ESG related targets and the ESG performance;
- Examine and approve ESG report.

The ESG working group is led by the secretary of the Board and is managed by the Board Office. Its responsibilities are as follows:

- Identify and assess material ESG issues, risks and opportunities for the Board's approval;
- Formulate ESG management approach, strategies, plans, annual work and targets for the Board's approval, and promote relevant implementation;
- Engage in the preparation of the annual ESG report and maintain communication with the ESG consultant team.

The implementation level consists of the relevant departments of the Group, including the President's Office, Human Resources Department, Administration Center, Compliance Management Department, Trade Union Office, and New Retail Business Head Office, etc. Its responsibilities are as follows:

- Promote and implement various ESG-related tasks according to the arrangement of the Group
- Collect and report ESG internal policies, systems and ESG-related performance indicators;
- Comply with various ESG-related policies and system.

### **3.3 Stakeholder Engagement**

We believe in the business operation philosophy of “win-win to win more”(「共贏・所以更贏」), having been taken an open and positive attitude, we are in close contact with various stakeholders through different communication channels in an attempt to timely understand their wishes and expectations. Not only does it help us keep pace with our society, but also helps us be clear about which aspects in the sustainable development progress we should be more focused on.



Stakeholder	Communication channels
Investors/Shareholders	<ul style="list-style-type: none"> <li>• Annual general meeting</li> <li>• Investor meeting</li> <li>• Interim report and annual report</li> <li>• Corporate newsletter</li> <li>• Result announcement</li> <li>• Shareholder visiting activity</li> <li>• Establishment of investor education base</li> <li>• Promotional activity for investor education</li> <li>• Phone</li> <li>• Email</li> </ul>
Customer	<ul style="list-style-type: none"> <li>• Daily operation/communication</li> <li>• Customer service centre</li> <li>• Customer satisfaction survey and opinion form</li> <li>• Customer consultation group</li> <li>• Customer relation manager visit</li> <li>• Online service platform</li> <li>• Phone</li> <li>• Mail box</li> </ul>
Employee	<ul style="list-style-type: none"> <li>• Performance interview/appraisal</li> <li>• Group discussion/meeting</li> <li>• Employee suggestion box</li> <li>• Employee communication conference</li> <li>• WeChat group for work</li> <li>• Publication/business presentation</li> <li>• Employee intranet</li> </ul>
Business partner	<ul style="list-style-type: none"> <li>• Report</li> <li>• Meeting</li> <li>• Visit</li> <li>• Talk</li> </ul>

Stakeholder	Communication channels
Supplier	<ul style="list-style-type: none"> <li>• Supplier management procedure</li> <li>• Supplier/Contractor assessment system</li> <li>• Tendering system and process</li> <li>• Meeting</li> <li>• Site visit</li> </ul>
Regulator	<ul style="list-style-type: none"> <li>• Compliance report</li> <li>• Daily submission of regulatory document</li> <li>• Written response to public consultation</li> <li>• Meeting</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Press release</li> <li>• Senior management visit</li> <li>• Result announcement</li> <li>• Official Website</li> <li>• WeChat Official Account</li> </ul>
Professional Organization	<ul style="list-style-type: none"> <li>• Meeting</li> <li>• Regular visit</li> <li>• Membership</li> <li>• Working group</li> </ul>
Community/Non-governmental organization	<ul style="list-style-type: none"> <li>• Seminar/talk/workshop</li> <li>• Meeting</li> <li>• Promotional activity for investor education</li> </ul>

### 3.4 Materiality Topics

In order to further promote the sustainability development of the Group during the Year, we have conducted materiality assessment. With reference to the current regulatory requirements, laws and regulations, the materiality issue database of the Sustainability Accounting Standards Board, and other international standards, along with the Group's characteristics and needs, and the expectations and demands of various stakeholders, the Group identifies and determines the materiality of the following sections, which have been confirmed by the Board:

Materiality	Sections	Disclosed information in 2021
<b>Highly material</b>	Compliance	Detailed disclosure of implementation of various laws and regulations, and conducting compliant operation and risk control management
	Training and Development	Detailed disclosure of various measures and trainings to enhance employees' professionalism and improve their career development
<b>Moderately material</b>	Water Consumption and Efficiency	Disclosure of energy consumption and measures taken in energy conservation and emission reduction, especially the water consumption and efficiency
	Remuneration and Welfare	Disclosure of employee benefits and compensation, and wages for attracting and retaining talent
<b>General material</b>	Waste Management	Disclosure of measures regarding the management of electronic wastes such as office materials and computer materials.

### 3.5 Risk Management

By keeping track of the latest laws and regulations and keeping abreast of the latest trends in the operating locations, while taking into account the international standards and our operating performance, the Group has identified the following ESG risks during the Year, which are approved by the Board:

Type of ESG Risk	Risk Level	Details of the risk
Law and Compliance Risk	High	Risk of legal sanctions or penalties, financial loss and reputational loss that stem from breach of contracts, legal actions, failure to comply with laws and regulations, etc.
Employee Health and Safety	Moderate	Affected by the Covid-19 pandemic, employees are at risk of infection prevention and control, quarantine, illness, etc.

## 4. Compliance Operation

The Group is committed to operating with integrity and establishing a good brand image. We continue to track the latest local laws and regulations, and constantly improve the corresponding regulations and systems to improve our service and business operation efficiency.

### 4.1 Anti-corruption

The Group is strictly against corrupt practices such as corruption, bribery, extortion, fraud and money laundering, and adopts a zero-tolerance policy for the above-mentioned behaviours. We strictly comply with the Supervision Law of the People's Republic of China(《中華人民共和國監察法》), Securities Law of the People's Republic of China(《中華人民共和國證券法》), Company Law of the People's Republic of China(《中華人民共和國公司法》), Securities Investment Fund Law of the People's Republic of China(《中華人民共和國證券投資基金法》), the Criminal Law of the People's Republic of China(《中華人民共和國刑法》), Regulations on Administration Supervision of Securities Company of the People's Republic of China(《中華人民共和國證券公司監督管理條例》), Regulations for the Administration of Futures Trading(《期貨交易管理條例》), Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies(《證券公司和證券投資基金管理公司合規管理辦法》), Notice of the Securities Association of China on Issuing the Guidelines for the Compliance Management of Securities Companies(《證券公司合規管理實施指引》), Law of the People's Republic of China on Anti-money Laundering(《中華人民共和國反洗錢法》), 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(《金融機構洗錢和恐怖融資風險評估及客戶分類管理指引》). The Group proactively fulfils the anti-money laundering and the financial stabilization obligations of financial institutions.

We have formulated the Compliance Manual (《合規手冊》), Compliance Management Measures (《合規管理辦法》), Comprehensive Risk Management (《全面風險管理辦法》), the New Business (Product) Management Measures (《新業務(產品)管理辦法》), the New Business Risk Management Measures (《新業務(產品)風險管理細則》), Internal Control Outline (《內部控制綱要》), the Risk Limit Management Measures (《風險限額管理辦法》), the Handbook of Risk Management Culture (《風險管理文化手冊》), the Credit Risk Management Regulations (《信用風險管理規定》), Administrative Regulations on Client Transaction (《客戶交易行為管理規定》), the Regulations on Stress Testing Management (《壓力測試管理規定》), 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》), Discipline Inspection and Supervision of Letters and Visits (《紀檢監察信訪舉報工作管理辦法》), Incorrupt Practices of Hengtai Securities Co., Ltd. (《恆泰證券股份有限公司廉潔從業規定》), etc., and the revised Incorrupt Practices of Hengtai Securities Co., Ltd. (《恆泰證券股份有限公司廉潔從業規定》) during the Year, which cover the concepts and forms of fraud, anti-fraud management system and accountability, fraud prevention and control, fraud reporting and investigation, fraud case handling and reporting, anti-fraud work discipline and other related policies, procedures and guidelines, as well as employee code of conduct. We encourage different stakeholders to report the existing or possible fraudulent behaviours within the Group to disciplinary committee of the Company by means of letters, visits, telephone, e-mails, faxes, etc. Once a report is received, the disciplinary committee will deal with it in a timely and fair manner according to the existing procedures. The disciplinary committee will strictly keep the whistleblower's personal information and report contents confidential to ensure that the whistleblower's legitimate rights and interests are protected by laws.

In addition, we have established a risk management system directly led by the Board, and set up a risk control and supervisory committee under the Board, which is responsible for supervising the Company's overall risk management, ensuring the effective supervision of various risks amid the related business operations. Under this system, we clearly define the responsibilities of each level, as well as risk identification and assessment, risk monitoring, risk response and reporting, risk management evaluation and accountability methods.

To strengthen the awareness of honesty among the employees, it is a requirement for them to sign the commitment of Incorrupt Practices (《廉潔從業承諾書》), and we provide integrity trainings and education every year. In order to promote an incorrupt business operation rules with an incorrupt business supporting system for our business lines and departments, during the Year, the Group published the Notice of Building a Incorrupt Business Operation System(《關於開展公司廉潔從業製度建設工作的通知》). The notice, covering the Board and all employees, ensures that all departments have conducted the integrity practice system training during the Year, and the task has rules and regulations to follow.

During the Year, the Group did not have any lawsuits related to corruption, nor did it find any violation of laws and regulations related to bribery, extortion, fraud or money laundering, or any situation that had a significant impact on the Group.

## 4.2 Safeguarding the Rights and Interests of Customers

In order to standardize the complaint handling mechanism of the Group, timely solve the problems arising in the brokerage business, and enhance the brokerage service, we have formulated the Management Regulations on Customer Complaints of Sales Departments (《營業部客戶投訴管理規定》), which lists the types of complaint, the complaint handling process, and the disciplinary actions for employees breaching the regulations. Customers may express their views and suggestions on our services in person or by telephone, fax, letter or e-mail or via our website. Complaints would be categorized according to their nature, scope, frequency and severity, then the complaint acceptance staff will need to fill in the Sales Department Customer Complaint Acceptance Form (《營業部客戶投訴受理表》), and the corresponding handling of the task will be followed. After the complaint is filed, the complaint acceptance staff also have to fill in the Sales Department Customer Complaint Handling Form (《營業部客戶投訴處理表》). The complaint acceptance staff must track the whole process of complaint handling and give replies to the complainant as soon as possible after the process is completed. Meanwhile, the staff must understand the satisfaction of customers regarding the process, keep records of the complaint and fill in Sales Department Customer Complaint Revisit Feedback Form (《營業部客戶投訴回訪反饋表》). All information in the process will be archived for future reference.

During the Year, the Group received a total of 54 service-related complaints, and all of them were properly handled.

The Group also complies with the Advertising Law of the People's Republic of China(《中華人民共和國廣告法》), Trademark Law of the People's Republic of China(《中華人民共和國商標法》), and other related regulations and laws, to ensure that the truth and accuracy of our publicly disclosed information.

During the Year, the Group did not violate any laws and regulations related to advertisements and labels in relation to the services provided.



### 4.3 Safeguarding Privacy of Customers

The Group strictly abides by the laws in the operating region, including the Law of the People's Republic of China on Guarding State Secrets(《中華人民共和國保守國家秘密法》), the Implementation Measures of the Law on the Protection of State Secrets of the People's Republic of China(《中華人民共和國保守國家秘密法實施辦法》), and the Detailed Rules for the Implementation of the Law on the Protection of State Secrets of the Inner Mongolia Autonomous Region(《內蒙古自治區保守國家秘密法實施細則》), etc. We have 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》), the Securities Business Department Client File Management Regulations (《證券營業部客戶檔案管理規定》), and other policies, in order to protect customers' privacy and business information.

We require relevant managers to educate employees on confidentiality, and require employees to consciously abide by the Group's confidentiality regulations. For employees who violate the regulations, we will impose corresponding penalties according to the situation. Regarding the information system management, our related department has formulated emergency plans for system problems and conducted drills as per requirements. At the same time, we conduct necessary management and maintenance of the information system in a timely manner. We will sign a non-disclosure agreement with the relevant technical staff. We have also set access rights and established a software copy and a registration list to prevent illegal copying, loss and unauthorized use of software.

During the Year, we have no major violations like breaches of customer privacy or loss of customer data, and no major risk incidents like cybersecurity incidents.

#### **4.4 Intellectual Property Protection**

We understand the importance of intellectual property protection, and comply with the Patent Law of the People's Republic of China(《中華人民共和國專利法》), the Implementation Rules of the Patent Law of the People's Republic of China(《中華人民共和國專利法實施細則》), and other laws and regulations in the operating region. We will continuously improve the intellectual property management system and procedures, safeguard the intellectual property rights of the Group and others, such as patent rights, trademark rights, copyrights, etc. We will also evaluate potential infringement risks, and formulate corresponding countermeasures.

#### **4.5 Supply Chain Management**

We comply with the Tendering and Bidding Law of the People's Republic of China(《中華人民共和國招標投標法》) and other laws and regulations. We also have formulated the Management Measures for Centralized Procurement (《集中採購管理辦法》) and E-platform Procurement Measures (Trial) (《電商平台採購管理辦法(試行)》), standardizing the procurement process and risk prevention, which constantly improve the Group's sustainable supply chain management. Based on the principles of fairness, impartiality, openness, economy, efficiency and effectiveness, the Group reviews the reputation, finance, compliance and social responsibility of the suppliers. We attach great importance to the management of potential environmental and social risks in supply chain, and evaluate suppliers' environmental and social performance during the procurement process to protect the environment and prevent social risks in the supply chain. We will give priority to suppliers and products that fulfill environmental protection, corporate responsibility, and perform well anti-corruption and reduce environmental impacts. Our audit department will regularly check the procurement workflow and evaluate suppliers to ensure the selected suppliers meet various business management requirements.

Due to the nature of the Group's business, we had no major suppliers during the Year.

## 5. Caring for Employees

The Group strictly complies with the Law of the People's Republic of China on the Protection of Minors(《中華人民共和國未成年人保護法》), the Provisions on Prohibition of Child Labour(《禁止使用童工規定》), 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》), Implementing Regulations of the People's Republic of China Employment(《中華人民共和國勞動合同法實施條例》), Civil Code of the People's Republic of China (《中華人民共和國民法典》) and other laws and regulations in the operating region. 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》), and other policies, aiming to provide employees with an equal, inclusive, anti-discrimination and safe working environment.

## 5.1 Talent Acquisition

For an effective talent acquisition, the Group adheres to the employment principles of "careful organization, comprehensive evaluation, fairness and justice, selection of the best", along with written tests and interviews to examine candidates from multiple dimensions such as work experience, skills, education and conduct. The Human Resources Department formulated a 2021 New Staffing Plan (《2021 年新增人員編制規劃》) according to every department's need for human resources. Various approaches are used to acquire talents. By reviewing the applicants' identity documents, resumes and qualification documents to assess their suitability for the position to ensure that the recruited employees comply with laws and regulations and prevent the use of child labour. The qualified recruits will have to legally sign binding contracts of Labour Contract(《勞動合同》), Non-disclosure Agreement (《保密協議》) and Employee Handbook Reading Confirmation Form (《員工手冊閱讀確認表》), and other documents, protecting the rights and interests of both sides. We have listed the types of employee resignation and the resignation process in the Administrative Measures for Employee Resignation (《員工離職管理辦法》). 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. Resigned employees also need to complete the job handover as per instructions and cooperate with the relevant resignation arrangements of the Human Resources Department. To prevent forced labour from occurring, we have listed the working hours in our Employee Handbook. Once any irregularities are found, we would handle the situations based on the Employee Handbook of the Group. During the Reporting Period, the Group did not violate any relevant laws and regulations on remuneration and dismissal, recruitment and promotion, working hours, equal opportunities, diversity, anti-discrimination, prevention of child labour or forced labour, and no cases of child labour or forced labour are found in the Group.

During the Year, the Group had a total of 2,985 employees as of 31 December, 2021.

## 5.2 Talents' Benefits

The Group is concerned about the well-being of its employees, and has formulated the Welfare Management Measures (《福利管理辦法》) and the Employee Social Security Management System (《員工社會保障管理制度》), hoping to attract and retain talents with competitive salaries and benefits. Regarding holidays, 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. Regarding subsidies, in addition to the welfare of "five social insurances and one housing provident fund", we also provide annual body check, festival fees, and team activity fees, heating fees, heatstroke prevention and cooling fees, lunch subsidy, communication subsidies, transportation subsidies, multiple work subsidies, remote work and living subsidies, housing subsidies, and remote area subsidies, etc.

The salary of employees is determined according to their ranks and their professional qualifications, and is adjusted according to the overall performance of the year. We will also give out annual performance bonuses and special awards to employees based on the results of performance appraisals. In order to make the assessment fairer and equitable, during the Year, we updated the Performance Management Implementation Rules (《績效管理實施細則》) and the Performance Management (《績效管理辦法》). Our performance management is composed of four steps, including performance planning and goal setting, performance monitoring and guidance, performance appraisal and evaluation, and application of performance results. The specific implementation steps and requirements should be based on the Performance Management Implementation Rules (《績效管理實施細則》) and the actual situation every year. The Human Resources Department will be responsible for issuing the notice, organizing and implementing the above steps. The performance management organizational structure is composed of the Company's President Office, Human Resources Department, managers of all levels and employees.

### 5.3 Talent Development

The Group values talent development. During the Year, we have formulated the 2021 Training Plan of Hengtai Securities Co., Ltd. (《恆泰證券 2021 年度培訓計劃》) based on the business development needs of the Company, in order to comprehensively improve the business skills and professional capabilities of employees of different positions and ranks. We have introduced hundreds of courses and formed four main series of courses, including wealth management series, business collaboration series, compliance and risk control series, and new employee series. We also organized 3 large-scale online learning activities and training camps, including a 5-month online management learning course for middle and senior managers named The Chapter of Business Leaders of Practicing Internal Skills (《苦練內功之商業領袖篇》), a live training of the 3<sup>rd</sup> series of Wealth Management Transformation Master Series (財富管理轉型大咖系列), and a camp named Golden Wealth Advisor 53 Days Training Camp (“金牌財富顧問 53 天集訓營”) that involved all branch staff. At the same time, we have expanded and optimized the internal trainer team, and built a classified and graded team of hundreds of internal trainers and an online course system. In addition, we have also held seminars of various types.

Our training performance during the Year is as follows:

Percentage of employees trained		Average training hour
By gender		
Female	98.4	47.6
Male	98.5	49.2
By employee category		
Junior staff	99.1	57.1
Middle management	96.2	44.7
Senior management	85.5	43.3

Besides, we have developed career paths for our employees. Employees can choose to be promoted from low-level to high-level, or they can choose to develop across departments according to their own wishes, professional and management skills.

#### 5.4. 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(《中華人民共和國職業病防治法》), the Workplace Occupational Health Supervision and Administration Regulations(《工作場所職業衛生監督管理規定》), the Work Injury Insurance Regulations(《工傷保險條例》) and Occupational Safety and Health Ordinance(《職業安全及健康條例》) of HKSAR, and other laws and regulations in the operating areas, with an aim to provide a healthy and safe working environment to employees.

We have established a series of emergency measures and a safety early warning system to provide employees with necessary protection. We have updated the Employee Social Insurance and Housing Provident Fund Management Regulations (《員工社會保險及住房公積金管理規定》) in order to provide group commercial insurance, accidental injury protection and accident, illness hospitalization allowance and annual physical examination for employees. With a view to raise employees' safety awareness and escape ability, we also regularly hold rescue and fire drills, and occupational safety education and trainings.

During the Year, 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 was no loss of working days due to work-related injuries. Since 2019, the Group has had no deaths of employees due to work-related accidents.

## 6. Green Operation

We minimize the environmental impact caused by the business management activities. We strictly comply with the Environmental Protection Law 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》), the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste(《中華人民共和國固體廢棄物污染環境防治法》), the Water Pollution Prevention and Control Law of the People's Republic of China and other laws and regulations(《中華人民共和國水污染防治法》), and encourage employees to protect the environment and improve their environmental awareness.

We have formulated the Regulations on the Management of Office Environment (《辦公室環境管理規定》) to encourage employees to improve resource usage efficiency, save energy and water, and reduce waste generation.

During the Year, the Group has not violated any laws and regulations related to environmental protection or caused major accidents affecting the environment and natural resources, nor has it received any notice of penalties or lawsuits related to the environment.

The Group has continued the reporting scope of environmental key performance (Hohhot Office) consistent with previous years, we have set the environmental target during the Year as maintaining or gradually reducing consumption on the basis of 2020, and have considered setting more specific quantitative environmental targets during a suitable time. The details are as follows:

Environmental Aspects	Targets
Energy Efficiency	Maintain or gradually reduce power consumption on the basis of the energy consumption intensity of 266.4 kWh/square meter of 2020. It will be actively implemented according to the Group's energy saving measures.



Environmental Aspects	Targets
<b>Water Efficiency</b>	Maintain or gradually reduce water consumption based on the water consumption intensity of 0.4 cubic meters per square meter of 2020. It will be actively implemented according to the Group's water saving measures.
<b>Waste Reduction</b>	Maintain or gradually reduce waste generation on the basis of the non-hazardous waste generation intensity of 8.1 kg/person of 2020. It will be actively implemented according to the Group's material-saving and waste sorting measures.
<b>Greenhouse Gas Emission Reduction<sup>1</sup></b>	Maintain or gradually reduce direct greenhouse gas (Scope 1) and indirect greenhouse gas (Scope 2) emissions based on the greenhouse gas emission intensity of 0.86 metric tons CO <sub>2</sub> e/person of 2020. It will be actively implemented according to the Group's energy-saving and greenhouse gas emission reduction measures.

Remark <sup>1</sup> : Scope 1 : Direct greenhouse gas emissions from stationary equipment fuel consumption, motor vehicle fuel consumption and refrigerants. Scope 2 : Greenhouse gas emissions indirectly caused by electricity consumption

## 6.1 Emission Management

As a responsible enterprise, we actively cooperate with various national policies and measures to achieve the goal of "2060 carbon neutrality". We implement low-carbon operations to reduce greenhouse gas emissions.

Greenhouse gases and other emissions in Scope 1 are primarily from the vehicles owned by the Group. We regularly carry out maintenance to our fleets to maintain vehicle performance, check tire wear and maintain proper tire inflation, and promptly eliminate vehicles that do not meet the environmental standards.

Greenhouse gases of Scope 2 mainly come from the Group's purchased electricity. Please refer to the "Energy Conservation" section for energy saving measures.

We carried out greenhouse gas inventory with reference to the Greenhouse Gas Protocol(《溫室氣體盤查議定書》) 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. The greenhouse gas emissions from the Group's Hohhot office are as follows:

	Unit	Quantized Value of 2021	Quantized Value of 2020
Direct greenhouse gas emission (Scope 1)	Tonnes of carbon dioxide equivalent (tCO <sub>2</sub> e)	26.54	21.30
Indirect greenhouse gas emission (Scope 2)	tCO <sub>2</sub> e	2,074.34	2,275.70
Total greenhouse gas emission	tCO <sub>2</sub> e	2,100.88	2,297.00
Greenhouse gas emission per capita	tCO <sub>2</sub> e/m <sup>2</sup>	0.15	0.16

## 6.2 Energy Conservation

The Group's main electricity consumption comes from lighting and air-conditioning systems in offices. We have implemented the following measures to save electricity:

<b>Air Conditioning System</b>	• The air conditioning system is managed by the property management office, with an internal switch
	• Regularly clean the filter to reduce unnecessary energy consumption
	• Avoid installing air conditioners in locations that are directly exposed to the sun
	• Allow employees to wear casual clothing for work in hot weather and on Fridays
<b>Lighting System</b>	• Make full use of natural light to reduce power consumption
	• Install lights with high energy efficiency
	• Install independent lights in meeting rooms to avoid unnecessary long-term lighting in those areas
	• Regular clean lights to maintain performance
	• Develop employees' habit of turning off when not using

We regularly monitor energy efficiency to adjust energy saving measures in a timely manner. During the Year, the total energy consumption of the Group's headquarters office in Hohhot during operation is 3,400,000.00 kWh, and the total energy consumption intensity is 242.90 kWh per square meter. Comparing to the data of 2020, the energy consumption intensity of the Group decreases by 9%.

### **6.3 Water Conservation**

The Group does not have any issues in sourcing water intake. We proactively take a number of measures, including applying sensor faucets to reduce water pressure to the lowest practicable level, regularly checking water meter readings to monitor abnormal water usage and perform necessary maintenance, conducting regular leak testing of concealed water pipes, using water-saving toilet tools and raising employees' awareness of water conservation, in order to reduce the Group's water consumption. During the Year, the total water consumption of the Group was 6,290.00 cubic meters, and the water consumption intensity was 0.40 cubic meters per square meter.

### **6.4 Waste Reduction**

We are committed to improving the efficiency of resource use, adhering to the principle of "reduction, harmlessness, and resource utilization", and encourage employees to use reusable products as much as possible. We will carry out stocktaking and amount of materials used, and purchase them when needed. Our office wastes including office consumables and electronic wastes including computer consumables, have been handled in a reasonable and environmentally friendly way. We have also signed an agreement with a food waste collection service company to handle food waste professionally.

During the Year, the total amount of non-hazardous waste generated by the Group's Hohhot office was 2,450.00 kg, and the intensity of non-hazardous waste generation was 6.50 kg per employee; hazardous waste included 750 batteries and 100 used ink cartridges/used toner cartridges. Comparing to 2020, the intensity of non-hazardous waste generation of the Group is reduced by 20%.

## 6.5 Climate Change

The Group understands that climate change will have deep impacts on the environment and society, and bring risks to the financial system. Therefore, during the Year, the Group carried out climate change risk identification. With reference to international standards, relevant national rules and regulations and industry development, the Group assessed the possible impacts on business from the aspects of climate change physical risks and climate change transition risks. After the assessment, the impact of climate change on the Group's business is relatively low. If affected by extreme weather, we will actively follow the relevant policies of the local government and make emergency plans beforehand to ensure the safety of employees. In the future, the Group will continue to monitor climate change risks and take corresponding measures.

## 7. Contribution to Society

The Group understands that business development is inseparable from the support and communication of the local communities. Therefore, we try our best to make use of our existing resources and power to contribute to our society.

The Group actively undertakes social responsibilities, participates in various poverty alleviation and rural revitalization plans, and invests RMB 200,000 in charity poverty alleviation funds to help Yaochang Village, Yaohuai Town, Fang County, Hubei Province, and assist Yaochang Village Revitalization Project (橙風計劃振興窯場村) of Tianfeng Securities. The Organization has selected a party member goes to Shari Budu Gacha, Jilantai Town, Alxa Left Banner to serve as the first secretary in the village to assist the pandemic prevention work and different work meetings. We also encourage employees to actively participate in charities, including the charities to help farmers, in which employees have subscribed for camel milk biscuits in Alxa that failed to sell to help farmers by increasing their income and production. During the Year, we have received a thank-you letter from the Securities Association of China for our Company's resolute implementation of the "one company, one province"(「一司一縣」) by providing relevant assistance. Gao Sheng, from our Party Affairs Department is also awarded the title of "Advanced Individual in Poverty Alleviation in Inner Mongolia Autonomous Region"(「內蒙古自治區脫貧攻堅先進個人」).



Village staff meeting



Visiting work



Gao Sheng, from the Party Affairs Department, is awarded the title of "Advanced Individual in Poverty Alleviation in Inner Mongolia Autonomous Region" (「内蒙古自治区脱贫攻坚先进个人」).

In June 2021, we organized the local business department to visit the Baoligen Sumxiri Tala Gacha in Xilingol League, donated more than 60 boxes of materials to farmers and herdsmen, and introduced financial knowledge in easy-to-understand language. Warning farmers and herdsmen who frequently encounter illegal fund-raising activities, investors are advised to choose formal channels to protect their own rights and interests.

In the fight against pandemic, we paid close attention to the epidemic in Ejina Banner, the labor union group of the Bayanhot Sales Department collected donations and materials of about RMB 49,400 from the staff and the public, and promptly deliver the Red Cross Society of Alxa League to assist the prevention and control work of pandemic.



## Appendix I: Summary of Sustainability Data

The following is a summary of the environmental data of the Group for the Year:

	Unit	2021
<b>Air Emission<sup>1,2</sup></b>		
Nitrogen oxides	kg	14.54
Sulphur oxides	kg	0.03
Particulate matter	kg	1.39
<b>Greenhouse Gas Emission</b>		
Direct greenhouse gas emission (Scope 1)	tCO <sub>2</sub> e	26.54
Indirect greenhouse gas emission (Scope 2)	tCO <sub>2</sub> e	2,074.34
Greenhouse gas emission (Scope 1 and 2)	tCO <sub>2</sub> e	2,100.88
Greenhouse gas emission intensity (per square meter)	tCO <sub>2</sub> e/m <sup>2</sup>	0.15
<b>Energy Consumption</b>		
Natural gas consumption	m <sup>3</sup>	9,500.00
Diesel consumption	litre	100.00
Gasoline consumption	litre	2,070.00
Purchased electricity consumption	kWh	3,400,000.00
Purchased electricity consumption intensity (per square meter)	kWh/m <sup>2</sup>	242.90
<b>Water Consumption</b>		
Water Consumption	m <sup>3</sup>	6,290.00
Water Consumption intensity (per square meter)	m <sup>3</sup> /m <sup>2</sup>	0.40
<b>Paper Consumption</b>		
Paper Consumption	kg	1,312.50
Paper Consumption intensity	kg/capita	3.47

<b>Waste Generation</b>		
Non-hazardous waste generation	kg	2,450.00
Non-hazardous waste generation intensity	kg/capita	6.50
Hazardous waste generation (battery)	piece	750
Hazardous waste generation (ink cartridge and toner box)	piece	100

<sup>1</sup> Data are estimated based on the fuel usage of the Group's vehicles

<sup>2</sup> Calculated based on the emission factor in Appendix II of the Stock Exchange "Guidelines for Reporting Environmental Key Performance Indicators"

The following is a summary of the social data of the Group for the Year:

Social Aspects	Unit	2021
<b>Total number of employees</b>		
Total number of employees	number of people	2,985
<b>Number of employees (by gender)</b>		
Female	number of people	1,454
Male	number of people	1,531
<b>Number of employees (by employee category)</b>		
Full time junior staff	number of people	2,534
Full time middle management	number of people	396
Full time senior management	number of people	55
<b>Number of employees (by age group)</b>		
Aged 30 or below	number of people	742
Aged between 31 and 40	number of people	1,426
Aged 41 or above	number of people	817
<b>Number of employees (by geographical region)</b>		
Inner Mongolia	number of people	971
Beijing	number of people	622
Shanghai	number of people	492
Jilin	number of people	280
Guangdong	number of people	192
Zhejiang	number of people	124
Sichuan	number of people	64
Shandong	number of people	63
Liaoning	number of people	44
Jiangsu	number of people	39
Hubei	number of people	13

Social Aspects	Unit	2021
<b>Number of employees (by geographical region)</b>		
Fujian	number of people	12
Tianjin	number of people	12
Shaanxi	number of people	11
Guangxi	number of people	10
Henan	number of people	8
Chongqing	number of people	8
Shanxi	number of people	7
Hunan	number of people	7
Hebei	number of people	5
Other (including Hong Kong, Macau and Taiwan)	number of people	1
<b>Employee turnover rate<sup>3</sup></b>		
Employee	%	14.6
<b>Employee turnover rate (by gender)<sup>4</sup></b>		
Female	%	12.5
Male	%	16.5
<b>Employee turnover rate (by age)<sup>4</sup></b>		
Aged 30 or below	%	21.2
Aged between 31 and 40	%	15.0
Aged 41 or above	%	7.8
<b>Employee turnover rate (by geographical region)<sup>4</sup></b>		
Inner Mongolia	%	5.0
Beijing	%	20.6
Shanghai	%	24.6
Guangdong	%	27.6
Zhejiang	%	25.0
Jilin	%	3.6
Sichuan	%	12.5

Social Aspects		Unit	2021
Employee turnover rate (by geographical region) <sup>4</sup>			
Shandong		%	9.5
Liaoning		%	6.8
Jiangsu		%	15.4
Hubei		%	7.7
Fujian		%	58.3
Tianjin		%	58.3
Shaanxi		%	9.1
Guangxi		%	0.0
Henan		%	0.0
Chongqing		%	0.0
Shanxi		%	28.6
Hunan		%	14.3
Hebei		%	0.0
Other (including Hong Kong, Macau and Taiwan)		%	100.0
Occupational Health and Safety			
Work-related fatalities and rates	2019	number of people	0
		%	0
	2020	number of people	0
		%	0
	2021	number of people	0
		%	0
Lost days due to work injury		days	0
Development and Training			
Percentage of employees participating in training (by gender)			
Female		%	98.4
Male		%	98.5

<b>Social Aspects</b>	<b>Unit</b>	<b>2021</b>
<b>Percentage of employees participating in training (by employment type)</b>		
Full time junior staff	%	99.1
Full time middle management	%	96.2
Full time senior management	%	85.5
<b>Average training hours per employee (by gender)</b>		
Female	hours	47.6
Male	hours	49.2
<b>Average training hours per employee (by employment type)</b>		
Full time junior staff	hours	57.1
Full time middle management	hours	44.7
Full time senior management	hours	43.3

<sup>3</sup> Employee turnover rate: turnover of employees / year-end employees

<sup>4</sup> The turnover rate of this category: the number of employees who have resigned in this category / the total number of employees in this category

## Appendix II: ESG Reporting Guide of the Stock Exchange of Hong Kong

### Content Index

Environmental Aspects			Related Section(s)/ Remark	Page(s)
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.	6. Green Operation	P. 24-29
	A1.1	The types of emissions and respective emissions data.	6.1 Emission Management; Appendix I: Summary of Sustainability Data	P. 25-26; P. 33
	A1.2	Direct and energy indirect greenhouse gas emissions and, where appropriate, intensity.	6.1 Emission Management; Appendix I: Summary of Sustainability Data	P. 25-26; P. 33
	A1.3	Total hazardous waste produced and, where appropriate, intensity.	6.4 Waste Reduction; Appendix I: Summary of Sustainability Data	P. 28; P. 34

Environmental Aspects			Related Section(s)/ Remark	Page(s)
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	6.4 Waste Reduction; Appendix I: Summary of Sustainability Data	P. 28; P. 34
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	6.4 Waste Reduction	P. 28
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	6.4 Waste Reduction	P. 28
A2 : Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	6.2 Energy Conservation; 6.3 Water Conservation	P. 27-28
	A2.1	Direct and/or indirect energy consumption by type in total and intensity.	6.2 Energy Conservation; Appendix I: Summary of Sustainability Data	P. 27; P. 33



Environmental Aspects			Related Section(s)/ Remark	Page(s)
	A2.2	Water consumption in total and intensity.	6.3 Water Conservation ; Appendix I: Summary of Sustainability Data	P. 28; P. 33
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	6.2 Energy Conservation	P. 27
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	6.3 Water Conservation	P. 28
	A2.5	Total packaging material used for finished products.	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.	6. Green Operation	P. 24-29
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6. Green Operation	P. 24-29

Environmental Aspects			Related Section(s)/ Remark	Page(s)
A4 : Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	6.5 Climate Change	P. 29
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	6.5 Climate Change	P. 29

Social Aspects			Related Section(s)/ Remark	Page(s)
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.	5. Caring for Employees; 5.1 Talent Acquisition; 5.2 Talent Benefits	P. 19-21
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix I: Summary of Sustainability Data	P. 35-36
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Summary of Sustainability Data	P. 36-37

Social Aspects			Related Section(s)/ Remark	Page(s)
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.	5.4 Health and Safety	P. 23
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	5.4 Health and Safety ; Appendix I: Summary of Sustainability Data	P. 23; P. 37
	B2.2	Lost days due to work injury.	5.4 Health and Safety ; Appendix I: Summary of Sustainability Data	P. 23; P. 37
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.4 Health and Safety	P. 23

Social Aspects			Related Section(s)/ Remark	Page(s)
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	B3.1	The percentage of employees trained by gender and employee category.	5.3 Talent development ; Appendix I: Summary of Sustainability Data	P. 22; P. 37-38
	B3.2	The average training hours completed per employee by gender and employee category.	5.3 Talent development ; Appendix I: Summary of Sustainability Data	P. 22; P. 38
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.	5.1 Talent Acquisition	P. 20
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.1 Talent Acquisition	P. 20
	B4.2	Description of steps taken to eliminate such practices when discovered.	5.1 Talent Acquisition	P. 20

Social Aspects			Related Section(s)/ Remark	Page(s)
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	B5.1	Number of suppliers by geographical region.	4.5 Supply Chain Management	P. 18
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4.5 Supply Chain Management	P. 18
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.5 Supply Chain Management	P. 18
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.5 Supply Chain Management	P. 18

Social Aspects			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.	4.2 Safeguarding the Rights and Interests of Customers; 4.3 Safeguarding Privacy of Customers	P. 16; P. 17
	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.	4.2 Safeguarding the Rights and Interests of Customers	P. 16
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.4 Intellectual Property Protection	P. 18
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Social Aspects			Related Section(s)/ Remark	Page(s)
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	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.	4.1 Anti-corruption	P. 13-15
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	4.1 Anti-corruption	P. 13-15
	B7.3	Description of anti-corruption training provided to directors and staff.	4.1 Anti-corruption	P. 13-15



Social Aspects			Related Section(s)/ Remark	Page(s)
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.	7. Contribution to Society	P. 30-32
	B8.1	Focus areas of contribution.	7. Contribution to Society	P. 30-32
	B8.2	Resources contributed to the focus area.	7. Contribution to Society	P. 30-32