

LUCION

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

(A joint stock company incorporated in the People's
Republic of China with limited liability)
(Stock Code: 1697)



2022

ENVIRONMENTAL,
SOCIAL AND GOVERNANCE REPORT

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About This Report

Reporting Scope

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

Reporting Period

Unless otherwise specified, the period covered for this report is 1 January 2022 to 31 December 2022 (hereinafter referred to as the “Reporting Period”).

Reporting Cycle

This Report is prepared annually.

Basis of Preparation

This Report has been prepared by the Company in accordance with the *Environmental, Social and Governance Reporting Guide* (hereinafter referred to as “ESG Reporting Guide”) described in Appendix 27 of the *Rules Governing the Listing of Securities* (hereinafter referred to as the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”), for the purpose of disclosing the comprehensive performance of SITC in creating value for shareholders and customers and fulfilling its social responsibility proactively. This Report should be read together with the “Corporate Governance Report” section from the *2022 Annual Report* of the Company and the “Corporate Social Responsibility” section of the Company’s official website for a more comprehensive understanding of the Company’s environmental, social and governance performance.

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

Source of Information

The financial data in this Report are extracted from the *2022 Annual Report* of SITC, while other information and data are sourced from the internal management documents and statistical information of the Company. Unless otherwise indicated, the currency denominated in this Report is Renminbi (hereinafter referred to as “RMB”).

Access to this Report

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



Board's Statement

2022 was an extraordinary year in the history of the Party and the country. The 20th National Congress of the Party was convened successfully, outlining the grand blueprint of socialism with Chinese characteristics in the new era, and blowing the horn of the times forging for a new journey.

This year was also a year of pressure and progress in the development history of SITC. We adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, followed the development trend of the era and regulatory requirements, focused on strategic transformation, promoted reform and innovation, unwaveringly served the national and regional strategies, and continuously consolidated the foundation for high-quality development.

SITC continued to improve the top-level design and adhered to practising the development concepts of ESG. Giving full play to the advantages of trust system and function, we paid attention to the comprehensive development of the country and society, the natural environment and resources, as well as the value creation for stakeholders such as shareholders, customers and employees, striving to realise the organic integration of pursuing economic benefits and sustainable development. We improved the ESG management structure, comprehensively carried out the “Year of Refined Management Improvement” activity, integrated ESG concepts into all aspects of corporate management, and continuously improved the overall operation quality and efficiency of the Company.

SITC took the initiative to integrate into the new development pattern and unwaveringly served the real economy. We have always been committed to serving the real economy. Focusing on the high-quality development of the regional economy, we vigorously promoted the implementation of major national and local strategies such as the ecological protection and high-quality development of the Yellow River Basin and the construction of major projects for the replacement of old growth drivers with new ones. At the end of the year, the existing scale of trust business in Shandong Province exceeded RMB20 billion. The Company actively deployed capital market business, with the scale of assets under management of standard products exceeding RMB80 billion, winning the first “Golden Bull Award” in the trust industry.

The philosophy of “finance for the people”. We continued to develop our charitable trust business and created a “trust model” for financial poverty alleviation. As of the end of 2022, a total of 15 charitable trusts have been set up, directly benefiting nearly



Various social responsibility awards won by the Company in 2022

6,000 people, and effectively supporting the development of charities such as school education assistance, medical treatment and disability assistance, rural revitalisation, and social welfare. We pursued “green” development to fulfil our environmental responsibilities. Throughout the year, we issued 8 green trusts, including the first green trust with green certification for CCER carbon asset income rights in China. The Company actively explored pre-paid fund service trusts, providing a “good trustee” for the government to solve social governance problems.

SITC adhered to the “customer-oriented” concept and strove to improve the level of financial services. In pursuit of value, we focused on building a new system of wealth management capabilities to meet the growing wealth management needs of the people. Throughout the year, the scale of self-issuance increased by 75% year-on-year. In making people feel the “warmth” of wealth, we earnestly carried out public welfare publicity work for consumer rights protection, served target groups in a customised way, continuously improved the consumer rights protection system, and constantly improved the effectiveness of consumer rights protection and investor education.

SITC adhered to the principle of “growing together with employees” and was committed to creating the “family culture” of SITC. Upholding the concept of “gathering talents from all walks of life”, we insisted on regarding talents as the first resource and built a good career development platform for our employees. We constructed the “Guo Xin Lan” (國信藍) talent training system, which can carry out targeted training and systematic training based on the needs of different positions and levels, thereby encouraging employees to improve themselves.

Spring returns, fresh starts for everything. In the new journey, SITC will continue to adhere to the general principle of “making progress while maintaining stability”, adhere to the positioning of trustee, and unwaveringly promote reform and innovation. With the resilience of “rolling stones uphill” and the spirit of “taking all flags of the enemy”, SITC will move forward with firm confidence and courage, with a view to promoting the high-quality development of the Company to a new level.



About SITC

Shandong International Trust Co., Ltd. was established as a non-bank financial institution in March 1987, with the approval of the People's Bank of China and the People's Government of Shandong Province, and is currently a director member of the China Trustee Association. The controlling shareholder of SITC, Shandong Lucion Investment Holdings Group Co., Ltd., is an important state-owned backbone financial institution managed by the Shandong Provincial Party Committee, as well as an important investment and financing entity and asset management platform in Shandong Province. In December 2017, the Company was listed on the Hong Kong Stock Exchange (Stock Code: 1697.HK), becoming the first domestic trust company listed on the international capital market.

Since its establishment, SITC has remained committed to its positioning as trustee, adhered to the development strategy of "interconnection" of its trust business and inherent business, fully leveraged its advantages in trust business, and resolutely returned to the origins of trust. Further, we have continued to improve our level in financial technology, comprehensively utilised loans, equity investment, industrial funds, asset securitisation and other financial tools, and effectively bridged the money market, capital market and real economy, thereby vigorously supporting high-quality economic development and serving the better lives for people. At present, SITC has an all-around and multi-level trust product line covering industrial and commercial enterprises, infrastructure, real estate, capital markets, inclusive finance, family trusts and charitable trusts. The Company has three business divisions, namely capital markets, wealth management and family trust, and six business centres, with business and wealth management teams located in central cities across the country, reinforcing the development pattern of "taking root in Shandong, spreading to the whole country and establishing presence across the globe". The Company has held fast to the tenet of being "customer-centric", actively built an "allocation-oriented" wealth management system characterised by the concept of "one body two wings", and endeavoured to provide all-encompassing personalised and differentiated financial and life services to high-net worth customers, and precise professional and customised products to institutional customers. We have wealth management centres located in Beijing, Shanghai, Jinan, Qingdao, Dongguan, Dalian and Xi'an, forming our nationwide wealth management network covering Northern China, Eastern China, Northwest China, Northeast China and Southern China.

SITC actively fulfils its mission as a state-owned enterprise, shoulders its social responsibilities. The Company has taken the initiative in fighting the COVID-19 pandemic, serving green development, assisting in poverty alleviation, and supporting public welfare and charitable activities. We have adhered to the duty and mission of "gathering capital to revitalise Shandong", focusing our efforts on regional development strategies, and effectively guaranteeing regional financial supply. The Company

attaches great importance to the protection of consumers' rights and interests, regularly conducting investor education and financial literacy activities and continuously improving customer experience, so as to foster a harmonious and stable financial consumption environment. The Company's development has gained recognition and praise from all corners of society, having received numerous awards such as "Financial Innovation Award of Shandong Province", "Best Innovative Trust Company", "Integrity Trust – Excellent Company Award", "Most Valuable Financial Stock Company", "Best Corporate Governance Award", "Best Information Disclosure Award", "Shandong Socially Responsible Enterprise", "3 • 15 Integrity Financial Brand", and "Shandong Charitable Award – Most Influential Charity Program", and conferred the honorary title of "Advanced Company Contributing to Financial Development of Shandong Province" by the government of Shandong Province. We received a rating of "AAA" in the performance evaluation of financial enterprises in Shandong Province for consecutive years, and were awarded the highest industry rating of "A" in China's trust industry on multiple times.

SITC excels at seizing opportunities and audaciously meeting challenges. Guided by the "14th Five-Year Plan", we will actively comply with regulatory direction and market demands, stick to our role as trustee, resolutely return to the origins of trust, bravely undertake the mission of "supporting the real economy, serving people's livelihood and well-being, and fulfilling social responsibility", and remain committed to becoming a respected wealth management institution based on asset allocation, thereby creating greater value for shareholders, customers, employees and other stakeholders.



SITC "Xiao Xin" intelligent customer service

○ Improved refined management level

formulated or revised **69** systems

optimised **58** management issues

○ Paid attention to anti-money laundering publicity and training

held **6** internal training sessions

more than **10** publicity activities



01



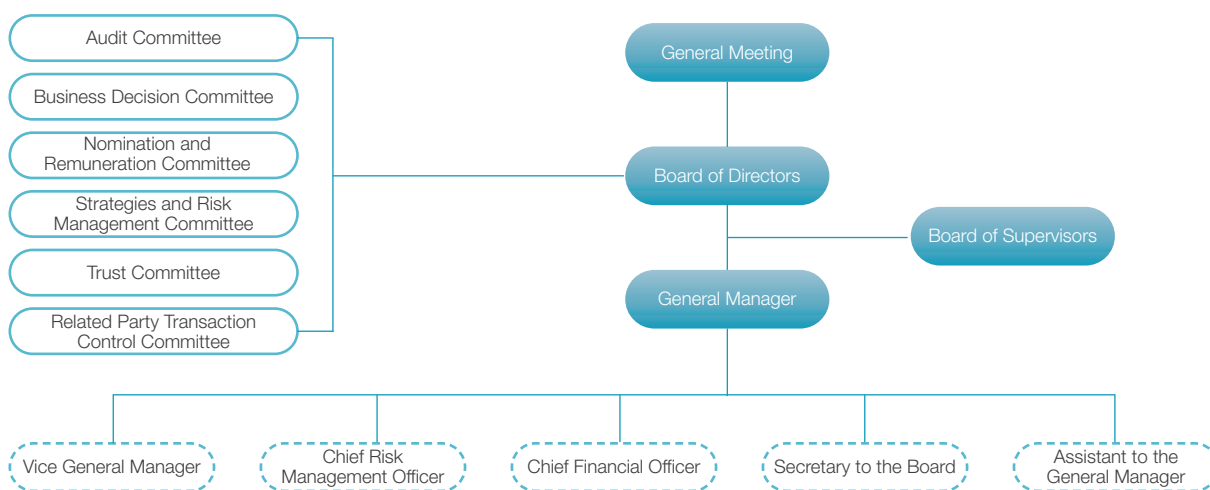
Solid Development with Deep Roots

We adhere to the positioning of trustee, continue to optimise corporate governance, strengthen the construction of ESG management system, further improve the Company's compliance risk management level, and create a clean financial culture, continuously consolidating the foundation of high-quality development.

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Optimising Governance Structure

In 2022, the Company, in accordance with domestic and overseas regulatory requirements, continuously increased the transparency of corporate governance so as to safeguard the interests of shareholders and increase corporate value. In accordance with the Listing Rules and relevant laws and regulations such as the *Company Law of the People's Republic of China* (《中華人民共和國公司法》), the *Guidelines for the Governance of Trust Companies* (《信託公司治理指引》) and the *Interim Measures for the Equity Management of Trust Companies* (《信託公司股權管理暫行辦法》), the Company has established a more comprehensive corporate governance structure, clearly classified the responsibilities among the shareholders' general meeting, the Board of Directors of the Company (hereinafter referred to as the "Board of Directors"), the Board of Supervisors of the Company (hereinafter referred to as the "Board of Supervisors") and senior management.




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



The Shareholders' General Meeting

In 2022, the Company convened 5 shareholders' general meetings, at which 19 resolutions were considered. The shareholders' general meetings were convened in line with applicable legal procedures. All shareholders properly exercised their shareholder rights at such meetings.



The Board of Directors

As of the end of 2022, the Board of Directors comprised 8 directors. The Board of Directors has established six special committees, namely the Business Decision Committee, the Strategies and Risk Management Committee, the Audit Committee, the Nomination and Remuneration Committee, the Trust Committee and the Related Party Transaction Control Committee, which are operated under the leadership of the Board of Directors and provide professional support in respect of decisions made by the Board of Directors. In 2022, the Company convened a total of 19 meetings of the Board of Directors, at which 70 resolutions were considered.



The Board of Supervisors

As of the end of 2022, the Board of Supervisors consisted of 9 supervisors, among which there were 3 employee representative supervisors, 5 shareholder representative supervisors and 1 external supervisor. In 2022, the Company convened 7 meetings of the Board of Supervisors, at which 25 resolutions were considered.

Standardising Information Disclosure

The Company adhered to its practices of high-quality information disclosure, and fulfilled its information disclosure obligations in strict accordance with the laws and regulations and the requirements of the listing rules of the place where its shares were listed. In 2022, the Company published 72 announcements on the website of the Hong Kong Stock Exchange and our official website, including 17 regular reports and 60 ad hoc reports, disclosing information in a genuine, accurate, timely and fair manner. We won numerous awards in the capital market including the "Best Information Disclosure Award" and the "Best Financial Company".



Best Financial Company

Best Information Disclosure Award

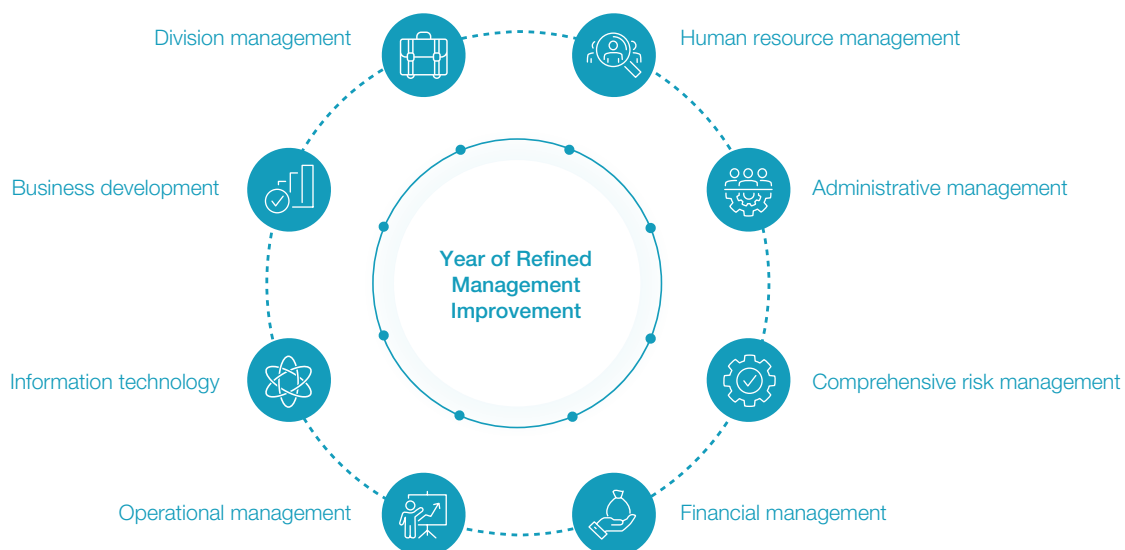
Published **72** announcements

including **17** regular reports

60 ad hoc reports

Improving Refined Management

2022 was the “Year of Refined Management Improvement” established by the Company, during which the Company comprehensively sorted out various contradictions and problems in operation and management focusing on the reform and development of the enterprise and the vital interests of employees. A total of 58 opinions were sorted out in 8 categories and 43 sub-categories, covering human resource management, administrative management, comprehensive risk management, financial and operational management, information technology, business development, division management and other aspects. After nearly a year of intensive rectification and improvement, many long-standing contradictions and problems have been resolved. On the whole, the responsibilities of departments have been clarified, risk management has become more scientific, the approval process has been smoother, and comprehensive guarantees have been more powerful.



Commendation for achievements in the “Year of Refined Management Improvement”

Operations in Compliance with Laws and Regulations

Firmly establishing the concept of compliance operations

In strict compliance with the *Guidelines on Compliance Risk Management in Commercial Banks* (《商業銀行合規風險管理指引》) and other relevant regulations, the Company earnestly fulfilled its responsibilities of compliance risk management, adhered to the concept of deepening compliance from the top down, and continued to carry out activities such as compliance talks with the CEO and compliance awareness events with senior leaders, constantly enhancing the awareness of all employees to operate in compliance with regulations and follow standardised operations.

In 2022, demarcating the “Year of Standardised Construction Consolidation” and the “Year of Refined Management Improvement”, the Company took the opportunity to continue deepening the compliance philosophy of “compliance as the priority, compliance by all, active compliance, and creating value through compliance”. As a result, we formulated and revised 69 systems during the year covering key areas such as business, compliance, risk control, employee management and consumer rights protection. Optimising and improving business system functions, the Company further standardised the establishment and approval of trust projects, and developed the digital and intelligent levels of internal control compliance management, further consolidating the foundation of compliance management work. In accordance with regulatory requirements, the Company organised and performed compliance self-inspection, proactively resolving the issues found and eliminating compliance loopholes and hidden risks in a timely manner.

Continuously improving risk management and control capabilities. The Company strengthened risk prevention and control management, and strove to build a multi-dimensional and multi-level risk management system in light of new changes and new features of regulatory policies, business and risks. We implemented active on-site management to guarantee the legitimacy of primary repayment sources, monitored the public opinion of counterparties daily, created weekly schedules to track the progress of risk project disposal, and performed comprehensive risk screening, liquidity stress testing and asset quality classification every quarter. For projects with potential risks identified during ad hoc management, we formulated early response plans, effectively improving our prospective risk response capabilities.

Carrying out regular compliance education and training. The Company attaches great importance to furthering education and training on regulatory policies and regulations. We actively promote an atmosphere of learning for all employees through holding monthly legal briefings and preparing the “Quarterly Regulatory Updates” newsletter, keeping all employees abreast of trends in regulatory policies, central issues in legal compliance and areas of difficulties through various case studies and articles. We invite outside experts to hold lectures on policy

interpretation, and strengthen compliance education training through publicising the “One Session”, circulating case studies, business salons and informative WeChat posts, all in an effort to continue promoting employees’ knowledge and understanding on regulatory policies, and pursue business development in compliance with laws and regulations.



Lecture on regulatory policy interpretation for new recruits to cultivate compliance awareness

Comprehensively fulfilling anti-money laundering obligations

In accordance with relevant laws and regulations including the *Anti-money Laundering Law of the People's Republic of China* (《中華人民共和國反洗錢法》) and the *Rules for Anti-money Laundering by Financial Institutions* (《金融機構反洗錢規定》), the Company developed and implemented the *Administrative Measures on Anti-money Laundering* (《反洗錢管理辦法》) and other systems, which were regularly updated and revised based on the latest regulatory requirements. The measures standardise the practices of anti-money laundering management, ensuring that the Company performs its anti-money laundering obligations in accordance with applicable laws and regulations on anti-money laundering.

Continuously strengthening anti-money laundering framework and system construction. The Company has established an Anti-money Laundering Steering Committee responsible for the oversight of anti-money laundering work, under which the Anti-money Laundering Office organises and performs anti-money laundering work. Each business division of the Company is responsible for its own day-to-day anti-money laundering work. The Company also performs a special anti-money laundering audit every year, and maintains issue records, formulates rectification plans and tracks rectification progress on a quarterly basis for issues found during such audit. In 2022, the Company formulated and revised systems including the *Administrative Measures on Anti-money Laundering*, the *Administrative Measures for Self-Assessment of Money Laundering and Terrorist Financing Risks* (《洗錢和恐怖融資風

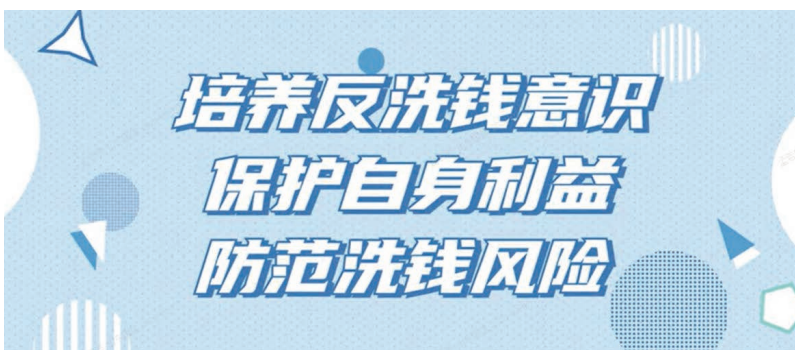
險自評估管理辦法》), the *Comprehensive Administrative Measures for Risks* (《全面風險管理辦法》), the *Administrative Measures for Customer Identification and Data Retention* (《客戶身份識別及資料保存管理辦法》), the *Administrative Measures for Customer Risk Classification* (《客戶風險等級劃分管理辦法》), the *Administrative Measures for Freezing/Unfreezing Assets Involved in Terrorist Activities* (《涉及恐怖活動資產凍結/解凍管理辦法》) and the *Administrative Measures for Anti-money Laundering Training and Advocacy* (《反洗錢培訓和宣傳管理辦法》) to further clarify

the organisational structure, division of responsibilities, customer management, suspicious transaction management, and money laundering risk management system principles and overall regulations, improve customer identification, customer risk classification, advocacy and training and other supporting measures, and further consolidate the foundation of internal control of anti-money laundering management. The Company has continuously optimised and upgraded its anti-money laundering system, refined the monitoring indicators, optimised the approval process, and improved the function module settings, boosting data processing efficiency and data collection logic accuracy.

In 2022, the Company performed initial identification, ongoing identification, and re-identification of customer identities, and diligently maintained customer data and transaction records in strict accordance with relevant requirements of anti-money laundering systems. No suspicious transactions were found in 2022.

Actively conducting anti-money laundering advocacy and training.

Using its wealth management branches as platforms, the Company continued to conduct anti-money laundering advocacy in order to raise the awareness on money laundering risk prevention. Utilising a combination of “online + offline” and “generalised + specialised” advocacy methods, and through activities such as “3.15 Consumer Protection Advocacy Week”, “Popular Financial Knowledge Defends Your Wallets”, “Financial Knowledge Journey” and “The 2nd Shandong Province Anti-money Laundering Knowledge Online Contest cum Specialised Advocacy”, we held 6 anti-money laundering training sessions for employees and more than 10 anti-money laundering advocacy events to spread awareness “among communities, enterprises and business circles alike”. We also produced an anti-money laundering thematic short video, 3,000 advocacy leaflets, and over 20 advocacy WeChat posts on anti-money laundering and various anti-fraud themes, and forwarded more than 19,000 advocacy short messages related to combating and preventing fraud and anti-money laundering. A micro-lecture video with the theme of “cultivating anti-money laundering awareness, protecting self-interest, and preventing money laundering risks” was produced by the Company, which won the third prize in the Shandong Province Anti-money Laundering Knowledge Online Contest.



Anti-money laundering advocacy events

Organised **6** anti-money laundering training for employees

1 anti-money laundering thematic short video

over **20** advocacy WeChat posts

held more than **10** anti-money laundering advocacy events

3,000 advocacy leaflets

forwarded more than **19,000** advocacy short messages

The Company places great importance on strengthening anti-money laundering training for employees, and has made anti-money laundering courses compulsory for all employees. In 2022, we organised 6 anti-money laundering training sessions on topics including interpretation and learning of typical cases, customer identification, suspicious transaction monitoring and analysis, compliance awareness, anti-money laundering system operation, etc., effectively heightening awareness of anti-money laundering risk prevention and control among employees.



Training on customer identification

Standardisation of Intellectual Property Rights, Trademarks and Advertising Management

In compliance with the *Copyright Law of the People's Republic of China* (《中華人民共和國著作權法》), the *Patent Law of the People's Republic of China* (《中華人民共和國專利法》), the *Trademark Law of the People's Republic of China* (《中華人民共和國商標法》) and other laws and regulations, the Company is entitled to intellectual property rights such as trademarks and function and variable names through applying for registration or obtaining third-party authorisation, so as to protect the Company's rights and interests while avoiding infringing on the intellectual property rights of others.

The Company operates in strict accordance with the *Measures for the Administration of Trust Companies' Trust Plans of Assembled Funds* (《信託公司集合資金信託計劃管理辦法》) and other regulations, and commissions advertising agencies to publish advertisements in compliance with laws and regulations, without openly marketing or promoting the Company's trust products. The Company commissions the media to publish summaries of its annual reports, and appropriately publicises the Company's initiatives to fulfil its social responsibilities in combating the COVID-19 pandemic, carrying out public welfare and charitable activities, and supporting the development of the real economy.

Standardising procurement management

The Company has formulated relevant systems such as the *Interim Measures for the Administration of Bidding Procurement* (《招標採購管理暫行辦法》), the *Interim Measures for the Administration of Non-bidding Procurement* (《非招標採購管理暫行辦法》), and the *Measures for the Administration of Engaging Intermediaries* (《聘用中介機構管理辦法》) to continue to improve the magnitude, normalisation, standardisation and informatisation of procurement management, and improve the quality and efficiency of procurement work. As a non-bank financial institution, the Company's major suppliers include law firms, accounting firms, asset appraisal institutions and other intermediary service agencies, as well as suppliers of servers, office computers and office supplies. The Company attaches great importance to the management of environmental and social risks of suppliers and continuously improves the management system and workflow. It strengthens the control of social risks by clearly requiring that all suppliers should comply with the regulatory laws and regulations of the industry in which they operate. Specifically, the suppliers must "not have been subject to significant regulatory penalties", "not be in the List of Enterprises with Unusual Operation on the National Enterprise Credit Information Publicity System" and "not be in the List of Enterprises with Serious Illegal and Dishonest Acts". In order to enhance the onboarding and assessment process of suppliers, the Company has persisted in reducing the use of high-polluting and high-energy-consuming products, continuously increased the proportion of the procurement of green, low-carbon and recycled products, and continuously guided suppliers to fulfil their necessary social responsibilities and environmental obligations by checking whether they meet the green certification, the environmental certification, the energy and water conservation levels, etc. At the same time, the Company has incorporated business integrity practices into the procurement management process, aiming to resolutely prevent employees from seeking illegitimate benefits.

Due to the nature of the industry, the Company's size and other reasons, the Company's suppliers are relatively dispersed and mainly located in Mainland China. Approximately 60 suppliers were located in Mainland China, and 8 suppliers were located in Hong Kong, China in 2022. In 2022, the Company carried out procurement activities in strict compliance with relevant regulations, realising the optimal price/quality relationship and lowest cost in total life cycle and maintaining good cooperative relationships with suppliers.

Comprehensively promoting the construction of the financial integrity culture

The Company attaches great importance to developing the professional integrity of all employees, particularly those in leadership positions. We have strictly complied with institutional regulations such as the *Several Provisions on Clean Practices of Leaders of State-owned Enterprises* (《國有企業領導人員廉潔從業若干規定》) and the *Opinions on Further Promoting the Implementation of the Decision-making System for Major Issues, Major Personnel Appointments and Dismissals, Investments in Major Projects and Use of Large Sums of Money by State-owned Enterprises* (《關於進一步推進國有企業貫徹落實“三重一大”決策制度的意見》), and formulated the *Interim Measures for SITC Party Committee and Discipline Inspection Committee to Discuss and Notify Important Situations* (《山東國信黨委與紀委會商通報重要情況暫行辦法》), the *Measures for Recording and Reporting of Leading Cadres Interfering in Major Events Violating Regulations* (《關於領導幹部違規插手重大事項記錄報告辦法》), the *Implementation Measures for Promoting Intra-Party Supervision and Functional Supervision and Coordination* (《關於促進黨內監督和職能監督貫通協同的實施辦法》) and other systems. The Discipline Inspection Committee of the Company (hereinafter referred to as the “Discipline Inspection Committee”) and the office thereunder are dedicated to work related to professional integrity and anti-corruption. The Company has effectively strengthened the supervision of professional integrity and intensified efforts to supervise, manage and control key points, key employees and key matters by conducting abnormal behaviour investigation, professional integrity talks and supervision of integrity in branch locations, so as to effectively prevent and control professional integrity risks. The Discipline Inspection Committee of the Company accepts reporting against the employees according to its duties, and those beyond its authority are handled by the Discipline Inspection Committee in accordance with procedures. Whistle-blowers can, or entrust others to, report in official documents, letters (including e-mail), interviews, telephone and other ways. The reporting is consciously supervised by all staff and the relevant departments at higher levels.

In 2022, the Company further consolidated its obligations of professional integrity supervision and management through the following actions: organised employees at all levels of the Company to sign the Letter of Responsibility for Improving Party Conduct and Ensuring Clean Governance; held thematic meetings of warning education; organised trips for employees to the Shandong Education Centre for Combating Corruption to conduct warning education; carried out the investigation and rectification of illegal business operations and illegal part-time jobs; made clean and honest finance display boards; organised a screening of a lecture on clean financial culture; participated in knowledge contest; and showed advocacy videos, fully shaping the image of a clean and honest financial enterprise. We also produced a warning short film “Have a ‘Clean’ Festival and Establish a New Atmosphere”, which was played in loops during important festivals and holidays, and 3 screenings of warning education film were organised.

There were not any corruption or bribery lawsuits against the Company or its employees in 2022.



Visiting Education Centre for Combating Corruption to conduct anti-corruption education



Professional integrity thematic warning education meeting



Professional integrity thematic warning education briefing



Warning short film "Have a 'Clean' Festival and Establish a New Atmosphere"

Promoting the construction of highly secured and highly reliable digital infrastructure

The Company attaches great importance to information security and customers' privacy protection to put an end to the leakage of customer data and information. In strict compliance with the *Cybersecurity Law of the People's Republic of China* (《中華人民共和國網絡安全法》), the *Announcement on Preventing and Cracking Down on Crimes of Telecommunication Network-related Fraud* (《關於防範和打擊電信網絡詐騙犯罪的通告》) and other laws and regulations, the Company formulated and implemented the *Administrative Measures for the Security of Information Systems* (《信息系統安全管理辦法》), the *Administrative Measures for Emergencies in Information Systems* (《信息系統突發事件應急管理辦法》), the *Administrative Measures for Users and Permissions of Information Systems* (《信息系統用戶及權限管理辦法》) and other systems. Through taking technical preventive measures such as reinforcing the supervision and configuration management of information systems, checking the implementation of information security, controlling user permissions on information systems, standardising the security emergency and security response processes of information systems, improving the security and protection capabilities of information systems, and establishing a virtual private network, the Company has monitored and facilitated the implementation of information security management work, increased employees' awareness of security, and reduced the potential for information security issues caused by human factors. We also formulated the *Interim Measures for the Protection and Management of Personal Customer Information* (《個人客戶信息保護管理暫行辦法》) to strengthen the standardisation and effectiveness of personal information management practices of the Company and prevent management risks associated with customer information.

In 2022, taking the opportunity of moving into the new office building, the Company promoted the construction of a new generation primary and backup data centre, realising the comprehensive upgrade of digital infrastructure platform, componentisation and cloud service, and advancing the Company's digital infrastructure to a new level. The new data centre is based on the industry's advanced software definition technology, which adopts a hyper-converged architecture to build a dual-active data centre. Using a mobile IDC room as the backup centre to integrate all computing, storage, and network resources into a resource pool to provide unified services, the new data centre can meet the needs of convenient application expansion and agile launch while ensuring the stable operation of business systems. The construction of the network information security technical system realises centralised operation and maintenance monitoring, unified backup and end-to-end full-link security assurance, providing comprehensive and systematic protection for core business data, and ensuring continuity and stability of the core business systems.

The Company continues to strengthen the construction of a long-term network security mechanism, and continuously improves the level of information security. All important information systems are constructed in accordance with the level-three requirements of the National Graded Protection of Information Security. The overall security of physical security, network security, server host security, operation management, etc., has reached the relevant level-three requirements of the Graded Protection of Information Security by the Ministry of Public Security.



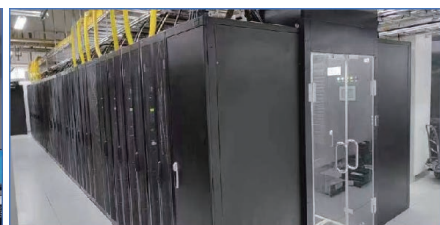
Centralised operation and maintenance monitoring platform



Main data centre (Tower A)



Operation management centre



Disaster backup data centre

Enhancing safety management level

In strict compliance with the *Fire Control Law of the People's Republic of China* (《中華人民共和國消防法》), the *Work Safety Law of the People's Republic of China* (《中華人民共和國安全生產法》), the *Regulations of Shandong Province on Work Safety* (《山東省安全生產條例》) and other laws and regulations, the Company has always prioritised workplace safety, ensuring the implementation of workplace safety by firmly instilling the concept of “people-orientation and safe development” and insisting on the policy of “safety first, prevention above all and comprehensive control”.

The Company has set up a Workplace Safety Committee, which is tasked with managing workplace safety. According to the requirements of the “three musts”, “those in charge of industries, business, and production and operations must be responsible for safety”, thereby strengthening and implementing the main responsibility of production and operation entities. The Company continuously improved the accountability system on workplace safety of “party-state share responsibilities, one post with double responsibilities, and party-state should manage workplace safety together”, making a concerted effort to build a long-term mechanism for workplace safety management. The Company has formulated 11 relevant systems including the *Principal Accountability System for Workplace Safety* (《安全生產主體責任制度》) and the *Fire Safety Management System* (《消防

安全管理制度》), required all employees to sign a workplace safety pledge, and strengthened the construction of workplace safety teams and education and training on occupational health, implementing responsibilities at all levels.

The Company has instituted a grid-style workplace safety management system, and displayed the grid-style management information publicly. Based on the actual situation of different floors, different workplaces and different departments, the Company clarified the main responsible departments and the main responsible persons. There were 92 safety officers for specific supervision and implementation. Throughout the year of 2022, the Company carried out 9 safety inspections during the “Workplace Safety Month”, important activities and holidays, organised 2 training sessions on work safety law, occupational health, and fire knowledge, and conducted 2 fire emergency drills with a total of 450 participants, further improving the Company’s emergency rescue capabilities and on-site handling standards. In 2022, the Company spent RMB150,000 on workplace safety, and RMB200,000 on office building maintenance and employee cafeteria facility renewal and maintenance. The Company has always maintained a good record of zero workplace safety incidents, ensuring the continuous stability of workplace safety.



The Company conducted fire safety training and workplace safety inspection

92 safety officers for specific supervision and implementation

carried out **9** safety inspections

organised **2** training sessions on work safety law

conducted **2** fire emergency drills

with a total of **450** participants

ESG Management

Statement of the Board of Directors

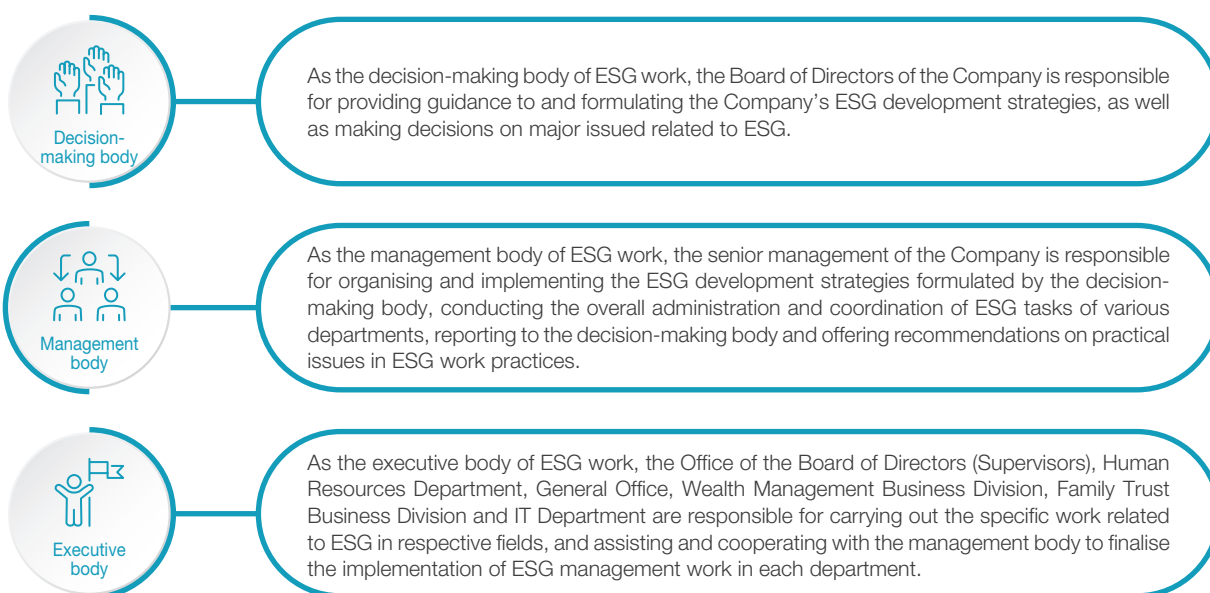
The Board of Directors of the Company attaches great importance to environmental, social and governance (“ESG”) management, strictly implements the *ESG Reporting Guide* and other relevant regulations, continuously improves the Company’s ESG management structure, workflow and information disclosure, thereby ensuring the establishment and continuous improvement of a compliant and effective ESG working mechanism. The Board of Directors of the Company is responsible for guiding and making decisions on ESG-related issues, and formulating the Company’s ESG strategy and work priorities, taking into account regulatory requirements, industry practices, the Company’s actual situation and stakeholder requirements. The Board of Directors of the Company is also responsible for reviewing the Company’s *Environmental, Social and Governance Report*. This Report is published after consideration and approval by the Board of Directors.

ESG concept

In the course of business development, SITC has always upheld the corporate culture of “professionalism, honesty, diligence and accomplishment” by adhering to the implementation of the country’s new development concept based on serving the high-quality development of the real economy, actively helping achieve the goal of “carbon peaking and carbon neutrality”, and continuing to practise green finance to serve economic development. The Company upholds its positioning as a trustee, vigorously carrying forward the trust culture and actively publicising the concept of trust. We continue to create a good financial consumption environment, and constantly improve environmental, social and governance performance to provide a broad development platform for employees to realise their self-worth. While actively creating long-term sustainable value, we maintain close communication with stakeholders, actively shouldering social responsibilities.

ESG management structure

Based on its strategies and the features of trust industry, the Company integrates ESG concepts with operation and management. By identifying the main duties of each department, the Company has initially formed an ESG management organisational structure comprised the decision-making body, management body and executive body.



Stakeholder engagement and materiality analysis

Based on the industry environment, nature of business, and characteristics of products and services of the Company, SITC has identified its major stakeholders such as shareholders, regulatory authorities, the government, customers, employees, partners, the community and the public. In the course of daily operations, the Company maintains close communication with these stakeholders through various channels to fully understand and earnestly evaluate their expectations and requests, and responds to them in a timely manner. The Company's communication channels with major stakeholders and their main topics of concern during the year were as follows:

Stakeholders	Communication mechanism	Topics of concern	Responses
Shareholders	General meetings, information disclosure, results roadshows, communication on investigations and studies	<ul style="list-style-type: none"> √ Operating results and financial performance √ Disclosure of information √ Corporate governance √ Risk prevention and control 	<ul style="list-style-type: none"> √ Conducting prudent operations √ Timely disclosure of information √ Improving corporate governance structure √ Strengthening the management of investor relations
Regulatory Authorities	Regulatory policies, on-site inspections, off-site supervision, delivery and receipt of official documents, conferences on specific topics, disclosure of information, daily reporting	<ul style="list-style-type: none"> √ Compliant operations √ Risk management √ Internal control system √ Corporate governance √ Net capital and venture capital 	<ul style="list-style-type: none"> √ Improving internal control system √ Perfecting comprehensive risk management and control systems √ Improving the Company's capital strength √ Developing green finance
Government	Policy guidance, importance meetings, reporting on specific topics, daily communication	<ul style="list-style-type: none"> √ Observance of laws and disciplines √ Timely payment of taxes √ Implementation of national policies √ Support for national strategies 	<ul style="list-style-type: none"> √ Prevention and control of COVID-19 √ Serving the real economy √ Supporting the construction of infrastructure projects √ Serving the ecological protection and high-quality development of the Yellow River Basin √ Serving the construction of major projects on the replacement of old growth drivers with new ones √ Serving rural revitalisation √ Supporting the development of micro, small and medium-sized enterprises
Customers	Product promotion, publicity education, complaint hotline, satisfaction surveys, customer visits, WeChat official account, company website, due diligence	<ul style="list-style-type: none"> √ Communication channels √ Service quality √ Consumer rights protection √ Spreading trust knowledge √ Business processes √ Product and service innovation 	<ul style="list-style-type: none"> √ Promoting use of the APP √ Establishing wealth management branches √ Protecting consumers' rights √ Spreading financial literacy √ Offering innovative products √ Upgrading service experience
Employees	Employee recruitment, employee trainings, business salons, outward bound, labour unions, employee representative meetings, company internal journals	<ul style="list-style-type: none"> √ Employees' rights √ Vocational training √ Compensation and benefits √ Promotion and professional development √ Group activities 	<ul style="list-style-type: none"> √ Multi-level training systems √ Sound compensation incentive system and welfare security system √ Smooth promotion access √ Outward bound
Partners	Strategic cooperation, intra-industry exchanges, procurement events	<ul style="list-style-type: none"> √ Equality and cooperation √ Mutual benefit and win-win situations √ Mutual sharing and joint establishment √ Commercial ethics √ Transparent procurement 	<ul style="list-style-type: none"> √ Developing an ecosystem for strategic clients √ Increasing intra-industry exchange √ Clean and transparent procurement management
Community and Public	Public welfare activities, promotion of financial knowledge, WeChat official account, investor relations hotline, company website	<ul style="list-style-type: none"> √ Social responsibility √ Community relationships 	<ul style="list-style-type: none"> √ Setting up a charitable trust √ Making donations to schools √ Setting up a consumer complaint reception day √ Holding a variety of financial knowledge advocacy and education activities

In 2022, through analysis of the general expectations and requests of stakeholders as well as the materiality of the 12 ESG topics listed in the *ESG Reporting Guide*, the Company identified the major ESG topics for this year, including the environment and natural resources, development and training, product responsibility and community investment. The other relevant ESG topics include emissions, use of resources, climate change, employment, health and safety, labour standards, supply chain management and anti-corruption. The Company will discuss the content of each topic separately in this Report.

Held more than **50** financial
knowledge advocacy activities

issued more than
35,000 short
messages of consumer
protection risk reminders

Established and filed **15**
charitable trusts
with a management
scale of approximately

RMB **90** million

charitable trust expenditures
of approximately RMB **3**
million in 2022

973 direct beneficiaries





02



Responsible Financial Services to Strive for Success

As a state-owned financial institution, the Company has always adhered to the principle of serving local economic and social development and satisfying people's needs for a better life. We give full play to the institutional advantages of trusts – covering the “real economy, capital market and money market”, and comprehensively utilise various financial instruments including equity investment, standard investment, debt financing and industry funds to consistently diversify financial supply and boost support to local infrastructure and strategic and emerging industries supported by national strategies. Meanwhile, the Company has continuously innovated financial products, improved the quality of its services and sped up the transformation in wealth management to satisfy the ever-growing personalised and diversified demands of high-net worth customers for wealth preservation and appreciation.

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- 24 Promoting Business Transformation
- 27 Innovating Financial Services
- 30 Dedication to Public Welfare

Serving the Real Economy

SITC adheres to the fundamental purpose of serving entities, focusing on major national and regional strategies such as supply-side structural reform, serving the replacement of old growth drivers with new ones in Shandong, and serving the ecological protection and high-quality development of the Yellow River Basin. The Company actively guides funds in the hands of the general public to invest in the real economy and supports the development of national and regional key industries, to provide higher quality, more efficient and more sustainable comprehensive financial services for the development of the real economy.

Adhering to “gathering capital to revitalise Shandong” to support regional economic development

Closely focusing on the major national and regional strategies, the Company gives full play to its advantages in resource coordination and makes every effort to ensure regional financial supply. As of the end of 2022, the existing scale of trust business invested by the Company to Shandong Province exceeded RMB20 billion, with newly added investment of RMB13.494 billion during the year. The existing scale of trust business in Shandong Province supported by funds from outside the province was RMB6.413 billion, with newly added investment of RMB15.88 billion during the year.

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The existing scale of trust business in Shandong Province supported by funds from outside the

province was RMB **6.413** billion

with newly added investment of RMB **15.88** billion during the year



Case: Helping the development of new energy industry along the Yellow River Basin

The Company established the “Shanhuquan No. 10 Collective Fund Trust Plan”, raising funds of RMB100 million, which was used to issue working capital loans to Shandong Lubei Enterprise Group Limited to support its holding company Wudi Golden Bay Lithium Technology Co., Ltd. producing cathode materials for lithium batteries. The implementation of this business is a positive practice of the Company to support the development of new energy industry in the Yellow River Basin and promote the high-quality development of green economy in the province.





Case: Promoting the development of healthcare industry

The Company established the “Shandong Trust • Xinglu No. 1 Collective Fund Trust Plan”, raising funds of RMB240 million, which was used to support Lushang Health Industry Development Co., Ltd.’s continuous development in the fields of health product research and development, health operation services, and health industry construction. The implementation of this business is a positive practice of the Company to support the development of real economy and promote the healthcare industry.



Giving full play to the advantages of trust to support development of small and micro enterprises

The healthy development of small and micro enterprises is inseparable from the precise drip irrigation of financial water. In order to further improve the quality and efficiency of financial services and alleviate the difficulties in financing faced by small and micro enterprises, SITC has given full play to its trust advantages and actively guided social funds to invest in manufacturing, construction, wholesale and new retail, leasing and business services industries, as well as water resources, environmental and public utilities management sectors, effectively promoting the gradual realisation of high-quality development of small and micro enterprises. As of the end of 2022, SITC has newly established 53 trust projects for small and micro enterprises, with a cumulative loan of RMB18.405 billion.

newly established **53** trust projects for small and micro enterprises

with a cumulative

loan of RMB **18.405** billion



Case: Supporting the development of small and micro enterprises

In March 2022, the Company’s first ESG green trust – “Huashan No. 35 Collective Trust Plan” was established, and the funds raised were used to provide financing support to Yan Tai Blue Sky Investment Development Group Co., Ltd. to help developing its clean energy and green environmental protection industry segment.

Serving rural revitalisation to help targeted poverty alleviation

The Company actively fulfils its social responsibilities as a state-owned enterprise, flexibly utilises the advantages of trust systems, and actively leverages the role of trust tools in supporting rural revitalisation and targeted poverty alleviation. We innovate the charitable trust model, so as to continuously inject “living water” of charitable trust into financial poverty alleviation.



Case: Guozi Huinong (國資惠農) Charitable Trust

In November 2022, the “Guozi Huinong Charitable Trust” jointly established by SITC and Shandong Lucion Public Welfare Foundation allocated RMB1.2 million to help disabled people, which was the fourth allocation and utilisation of the charitable trust since its establishment. The funding would be used to help the disabled people in Juye County, Heze. Since its establishment, the project has actively supported the poverty alleviation and development of Juye County by giving full play to the advantages of trust systems, contributing financial strength in key areas such as rural industrial development, living environment improvement, and infrastructure construction.

In 2022, at the 8th Green Development Forum of Xinhuanet, the case of “Guozi Huinong Charitable Trust” – “Using the advantages of trust systems to create a ‘Qilu model’ of financial services for rural revitalisation” was selected into the “Green Water and Lush Mountains are Golden Mountains and Silver Mountains Practice Collection of Exemplary Cases (2022)”.



“Guozi Huinong • Charitable Trust” was given the title of Honourable Unit of Love and Helping the Disabled

Case: Shanheng Shuifeng Charitable Trust

In November 2022, SITC and Hengfeng Bank jointly established the “Shanheng Shuifeng Charitable Trust”. This charitable trust cooperates with Hengfeng Bank’s “Hengaizhishan Public Welfare Special Fund” to carry out public welfare or funding activities such as love donations, education funding, financial assistance, rural revitalisation, poverty relief and disaster relief with the public welfare funding direction of “beautiful life” and “beautiful China”. The Shandong Rural Revitalisation Foundation provided strong support and professional empowerment for the establishment of this charitable trust. In 2022, the charitable trust has provided surgery subsidies to the families of 10 impoverished children with congenital heart disease, so that the children could undergo surgery in time, relieving the poor families of worries.



Shanheng Shuifeng Charitable Trust

Promoting Business Transformation

Accelerating the deployment of capital market business

The Company actively complies with regulatory guidance, digs deep into its own resource endowment, accelerates the layout of standard business represented by capital market investment, continuously increases resource tilt, talent support and policy support, and actively cultivates new sources of scale growth and profit growth points. By the end of 2022, the scale of the Company’s capital market business exceeded RMB80 billion, and the fixed income, mixed and equity actively-managed product lines have basically been established. 51 new standardised products have been added throughout the year, the performance of which has outperformed similar products in the market.



“Shandong Trust • Taishanbao Collective Fund Investment Operation Trust Plan” won the first Golden Bull Award in the trust industry

The segments of the capital market business



Persisting in cultivating family trust

It has been a decade since the localisation of family trust in China, and the unique value and prospects of family trust have been widely recognised. As the epitome of wealth management, family trust possesses such functional advantages as asset management, risk isolation, estate planning and charitable giving, which is beneficial to the protection and inheritance of peoples’ legal property, enrichment of family harmony and stability, and promotion of social harmony, ensuring a better life.

Over the past decade, as one of the earliest entrants into family trust business in China, SITC has insisted on cultivating family trust deeply, and insisted on leading the business with faith culture and service thinking. Taking into account business model innovation and industry expansion, we are committed to building the “De Shan Qi Jia” family trust brand, which has earned it wide recognition from customers and partners alike.

The Company’s family trust business continued to grow at a rapid pace, with 525 new accounts opened in 2022 totalling approximately RMB7 billion in assets. As of the end of 2022, the existing assets under management were approximately RMB26.46 billion, upholding its leading status in the industry.

In 2022, SITC’s family trust business won the “Gold Honour Award – Outstanding Family Office”, “Gold Honour Award – Excellent Family Trust Product” and “Gold Honour Award – Outstanding Charitable Trust Product” at the Annual Summit of China’s Asset Management and Wealth Management Industry, “Integrity Trust – Best Family Trust Product Award” and many other awards.



SITC won three major awards at the 2nd “Gold Honour Award”

with **525** new accounts opened in 2022

approximately RMB **7** billion in assets

As of the end of 2022, the existing assets under management were approximately

RMB **26.46** billion

Research empowers business transformation

The Company strives to strengthen the construction of active research capabilities, focusing on applicability and forward-looking to determine the research direction, and paying attention on transforming research and development results into productivity. Centring closely on the trust business classification reform and the Company's strategic development needs, business transformation is empowered through policy interpretation, special reports, subject researches and other means.

We have achieved excellent research results. In 2022, the Company won the honorary title of "Advanced Group of Shandong Monetary Society" for the first time, with 9 shortlisted projects throughout the year, while the key projects won 6 awards, including the first prize from the Shandong Office of CBIRC, the first prize for annual outstanding research achievements from the state-owned assets and state-owned enterprises system of Shandong Province, and the first prize from Lucion Group. In addition, 1 of our projects was approved by the Shandong Federation of Social Science, and 2 annual key projects of the China Trustee Association that we participated in were compiled into the *2022 Special Research Report of the Trust Industry*. The official account of SITC Research publishes research articles every week, such as *Asset Allocation Review*, *Bond Weekly*, *Public Fund Market Weekly*, *Private Fund Market Tracking Report* and *Quarterly Bond Investment Strategy Report*, which published a total of 186 articles in 2022.

Incubate prepaid fund service trust business. Actively complying with the guidance of supervision, the Company carried out the research and demonstration of prepaid fund service trust business in an all-round way. Taking the reform of record management of single-purpose commercial prepaid cards in Shandong Province as an opportunity, we developed and constructed full-process business systems including the "Shandong Anxinfu" and "Shandong Province Prepaid Card Service Trust Management Platform", giving full play to the advantages of trust systems of "property independence" and "risk isolation". We designed and launched the "Anxinfu Series of Service Trusts" to actively assist the government to solve the problem of prepaid fund supervision and improve consumption confidence of people.



Shandong Anxinfu



SITC was invited to join the launch ceremony of Jinan pilot of the Shandong Province Single-purpose Commercial Prepaid Card Record Management Service Platform

Vigorously improving the level of financial technology

The Company has established an inter-departmental work coordination mechanism for IT construction, and instituted an IT Management Committee directed by the General Manager and joined by the heads of relevant departments, to clarify the division of internal responsibilities and implement responsibility management. The Committee is responsible for reviewing IT strategic planning and promoting decision-making and implementation of major projects, while the IT Department manages day-to-day affairs.

In 2022, starting from the construction of IT organisational mechanism, information capacity building, infrastructure upgrade, etc., the Company built a service-oriented technology model based on capacity improvement and driven by the integration of stable and agile dual-states, with a view to continuing to strengthen technology support capabilities and meeting the Company's transformation and development needs.

In 2022, the Company focused on advancing and completing the IT development and construction projects that were urgently needed, including the transformation of the Taishanbao business full-process system solution, the construction of an automated valuation system for standard products, the construction of an RPA (Robot Process Automation) platform, the launch of automated operation scenarios, the reconstruction and optimisation of the BI system and leadership cockpit, the upgrade of standard asset management platform, the first phase of the family trust system, the comprehensive optimisation of SITC APP2.0, and the construction of the second-generation credit information system.

The Company continued to strengthen the operation and maintenance management of the information system, constantly improved the IT management system, determined the security level of information system according to the nature of business, importance and confidentiality, and established an authorisation system for different levels of information. Corresponding technical means were then adopted to ensure the safe and orderly operation of the information system. Relevant system requirements such as user management, access authorisation management and password strategies were strictly implemented. This year, the overall situation of IT risk management was good. The Company's business systems were graded and evaluated according to the three-level protection standard. The information system was in stable operation, and the level of information security was continuously improved.

Innovating Financial Services

The Company has continued making progress in innovating its products and services and continuously deepened the transformation of its wealth management, with a view to creating more reliable wealth for customers and the larger society. By adhering to the service concept of being "customer-oriented," the Company has continued to improve system guarantees and enhance its financial service capabilities. We properly incorporate consumer rights and interests protection into each work stream so as to constantly improve consumers' awareness of financial products and services, raise awareness of consumption safety, and vigorously create a favourable financial consumption environment.

Innovating and optimising the financial service model to create a new level of customer experience

Thoroughly implementing the spirit of the 20th National Congress of the Party, SITC has always kept the top priorities of China in mind. We adhere to the people's nature of financial work, continue to explore innovations in products and service models, comprehensively build an "allocation-oriented" wealth management system, and accurately grasp the financial service needs of new citizens and other social groups, so as to better meet the comprehensive wealth management needs of customers throughout the life cycle, and actively assist in the realisation of the strategic goal of "common prosperity" under the "standardised wealth accumulation mechanism". In the past five years, the accumulated trust income distributed to the beneficiaries exceeded RMB58 billion, demonstrating the original value of the trust of "managing assets as entrusted".

In the past five years, the accumulated trust income distributed to the beneficiaries exceeded RMB **58** billion

SITC adheres to its true nature of “finance for the people”, listens carefully to the voice of every investor, and pays attention to service details before customers do to make them feel the warmth of wealth. Through the SITC APP, the 8-hour financial service hotline, the exclusive WeChat official account, the professional and specialised services of physical branches, etc., the Company has created a barrier-free online and offline diversified and interactive channel across time and space, providing customers with professional, differentiated and personalised wealth management services like a long-time partner. In 2022, the Company carried out a series of 99 wealth customer activities with SITC’s characteristics, warmth and distinct themes through online and offline means in a normalised manner, including investment strategy meetings, quality life experience, health and wellness talks, live roadshows, etc., adding colours to customers’ lives with heart, providing them with more intimate and meticulous service experience, and continuously improving our service quality.



Various customer activities

In March 2023, the Company officially launched the “Xiao Xin (小信)” intelligent customer service. As an intelligent online assistant practising the “customer-centric” service concept, “Xiao Xin” adheres to the core value concept of “professionalism, integrity, diligence, and achievement”, and integrates product services, knowledge education, business guidance, wealth life and other scenarios, providing customers with refined, powerful and warm financial services, and injecting brand power into the Company’s in-depth practice of “finance for the people” on the road of transformation and innovative development.

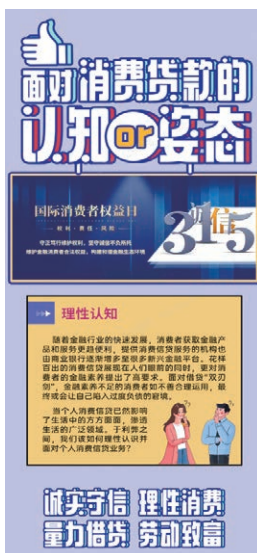


Taking steps to protect the rights and interests of financial consumers

SITC attaches great importance to the protection of consumers' rights and interests. We integrate consumer rights protection into corporate culture construction, corporate governance and business development strategies, continue to improve system guarantees, increase our consumer rights protection efforts, improve financial service standards, and do a solid job in the entire business management process of financial consumer rights protection, fully implementing consumer rights protection work in details. Relying on online and offline consumer protection platforms, the Company innovates and enriches the forms of advocacy, and continues to practise financial knowledge popularisation and education, striving to improve the awareness and ability of protecting consumers' rights and interests. At the same time, we increase the pertinence, effectiveness and coverage of the Company's internal consumer protection training to improve the overall consumer protection work level and create a cultural atmosphere of "learning, understanding, and practising consumer protection" among all employees. By building a consumer protection work and internal training system covering the Company's management, business lines, consumer protection liaison team and partner institutions, we strengthen the compliance management of the entire business process and the collaborative management of consumer protection work, effectively safeguarding the legitimate rights and interests of consumers.

Vigorously carrying out investment education and advocacy to build a good financial consumption environment

In 2022, supported by activities such as "3•15 Financial Consumer Rights and Interests Day", "Financial Knowledge Journey", and "Anti-money Laundering Knowledge Online Contest", the Company utilised the combination of "online + offline" advocacy methods to carry out financial knowledge advocacy and education via multi-channels and in a normalised manner. Focusing on hot spots of financial consumption, financial service needs of "new citizens", financial services for the elderly and other issues that customers generally care about, the Company produced more than 20,000 copies of promotional materials. More than 50 advocacy activities were held, and over 35,000 short messages of risk reminders were delivered.



Produced more than **20,000** copies of promotional materials

more than **50** advocacy activities were held

over **35,000** short messages of risk reminders were delivered



Carrying out consumer rights protection advocacy activities

At the same time, through various channels such as the official website, WeChat official account, APP user-end, video channel official account, etc., the Company collaborated to build a three-dimensional consumer protection advocacy and education system integrating specialised and generalised advocacy and education. Moreover, through various forms such as lively and vivid text and pictures, talking about risks with cases, financial knowledge contests, original video comics and financial management classes, we popularised financial knowledge and consumer rights protection related knowledge to investors, continuing to remind consumers to strengthen financial risk prevention. In particular, various innovative works, such as the comics “Crackdown on Illegal Agent Rights Protection” and the video “Wisdom to Help the Elderly Protect their Wallets”, were recognised and adopted for dissemination as typical promotional materials by the Shandong Provincial Banking Association and the “Shandong Public Security”.



Strengthening the management of complaint system to protect legitimate rights and interests of consumers

For a long time, the Company has taken safeguarding the legitimate rights and interests of consumers as the starting point and anchor point to enhance the happiness and sense of acquisition of consumers. Fully fulfilling the main responsibility of a financial institution, we constantly improve the complaint management and diversified dispute resolution mechanism, and continue to optimise consumer rights protection mechanism by strictly implementing the requirement of “mediation whenever necessary and possible” in response to consumption disputes, and actively guiding consumers to resolve disputes through mediation, so as to convey the warmth of financial services, and promote the construction of a fair and harmonious financial market environment. The Company publicises the channels for consumers to report and complain in various ways, disclosing the complaint telephone number, email address, procedures involved, etc., on the SITC APP, the Company’s official website, WeChat service account, and the investor education area of the business branches, so as to ensure that consumers can obtain complaint channel information smoothly, effectively, conveniently and easily. Since 2021, the Company has built and put into use the “Complaint Handling Information System”, realising the standardisation of complaint reception and registration, online processing, visualisation of progress monitoring and automation of statistical analysis, effectively improving the efficiency of complaint handling and the level of complaint management, and providing strong data support for analysis, decision-making, traceability and rectification of relevant complaint matters.

In 2022, the Company handled a total of 80 complaints referred to us by the regulatory authorities. The complaints were mainly caused by inclusive financial trust projects, and the business types were mainly other consumer loans. Based on the principle of swift handling and active coordination, the Company communicated with customers in a timely manner and carefully learned their appeals, and took multiple measures to coordinate and resolve the disputes. The customer satisfaction rate for overall complaint handling was relatively high, and the completion rate was 100%.

The products provided by the Company are all financial products and related services, so the need for recall due to safety and health reasons, as well as relevant regulations on product quality appraisal and product recall are not applicable.

Dedication to Public Welfare

The Company fully leverages the advantages of trusts, innovatively adopting charitable trusts to perform its social responsibilities as a corporate citizen, supporting the development of charitable activities through action and contributing to building a harmonious society and ideal community with the power and wisdom of trusts.

Shouldering state-owned enterprise’s social responsibility through devotion to charitable activities

SITC has made giving back to the community an important component of fulfilling its social responsibility as a state-owned enterprise, shaping a culture of “giving thanks” and “dedication” through persevering in public welfare activities.

Volunteering on the front lines and taking the “1+1” pairing of party building in the spirit of “getting things done”, the Company organised 12 volunteer service activities, working together alongside volunteers from Luxin in communities, schools for children with special needs, nursing homes, etc.

 Case

The Company organised employees to go to the Rehabilitation Training School for Children with Special Needs in Lixia District, Jinan to carry out public welfare activities by visiting and greeting children with special needs, conveying love and warmth, and donating materials to the school.



 Case

The Company held the volunteer service activity of “Celebrating the 20th National Congress, Love in the Chongyang Festival” to care for the elderly, listen to their voices, help them solve practical problems, and send them festival blessings.



 Case

The Company held the “A Day for Public Welfare” activity, which encouraged employees to donate one day of economic income or participate in a day of public welfare activities every year, mobilising employees to join charitable events and dedicate love to the needy. The funds were donated to the “Datong No. 10 Charitable Trust” managed by SITC.



Developing charitable trusts in support of charitable activities

The report of the 20th National Congress of the Party pointed out that “adhere to distribution according to work done as the main body and allow the coexistence of multiple distribution methods, and build a coordinated system of primary distribution, redistribution, and third distribution” and “guide and support willing and capable enterprises, organisations in the society and individuals to actively participate in public welfare and charitable undertakings”. This has pointed out the direction for the development of public welfare and charity in the new era. Charitable trusts, as an important financial tool serving the third distribution, have once again attracted widespread attention from different sectors in the society. More and more loving forces are understanding and participating in charitable trusts.

Since the official implementation of the *Charity Law* (《慈善法》), SITC has insisted on cultivating charitable trusts and used them as an effective tool to support the development of philanthropic activities, promoting their application and popularisation in pursuit of common prosperity.

In 2022, SITC established 4 new charitable trust projects, combining to more than RMB18 million. As of the end of 2022, SITC has established and filed 15 charitable trusts worth approximately RMB90 million. Charitable trust spending in 2022 was approximately RMB3 million, reaching 973 direct beneficiaries, effectively supporting charitable causes such as education, medical assistance for the disabled, rural revitalisation and social welfare.



Students granted scholarships by the charitable trust project of Jiahe Road

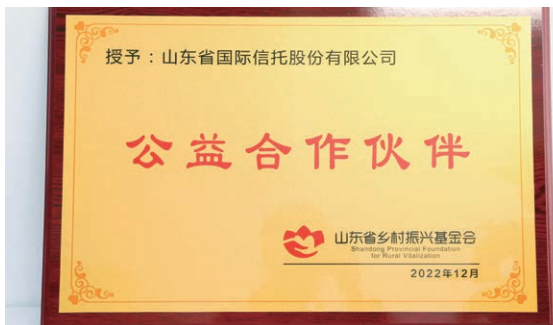
Established **4** new charitable trust projects, combining to more than RMB **18** million

established and filed **15** charitable trusts worth approximately RMB **90** million

charitable trust spending was approximately RMB **3** million, reaching **973** direct beneficiaries

Build an ecology of “finance + charity” to expand the charity “circle of friends”

SITC is committed to providing customers with all-round and multi-level professional services, and building an open and shared ecology of “finance + charity” around the charitable trust business, which penetrates all links of public welfare and charity connecting caring people, enterprises, government agencies and social organisations to build a bridge of mutual trust and win-win situations. In 2022, SITC’s charitable trust team visited dozens of charitable organisations such as the China Charity Federation and the Ai You Foundation; established a cooperation model with the Shandong Rural Revitalisation Foundation, and launched two charitable trusts with a goal to achieve a three-dimensional and ecological scenario, thereby enriching business development opportunities, stimulating customers’ awareness of social responsibility, and improving the quality and effectiveness of public welfare activities.



SITC was given the title of “Public Welfare Partner” by the Shandong Rural Revitalisation Foundation



Representatives of SITC visited the China Charity Federation

Enriching business brand lines to assist in common prosperity

SITC’s charitable trust business currently has multiple brands such as “Datong Series”, “De Shan Qi Jia”, “Private Banking Series”, etc., to serve the public welfare and charity needs of different customer groups and different scenarios by leveraging the advantages of trust systems, including property independence, professional management, and efficient operation.

In conjunction with the advantages of family trust business, SITC’s “Private Banking Series” charitable trust provides high-net-worth customer groups with a comprehensive plan of “social welfare + family brand”, assisting the first-rich group to better achieve the wish of giving back to the public in need and the society at large, and passing on the family tradition of benevolence and generosity and the values of virtue, kindness and family integrity (De Shan Qi Jia) from generation to generation, which is conducive to the joint realisation of customers’ family value and corporate value, wealth value and social value.



Representatives of SITC participated in a charitable trust activity of China Merchants Bank



More than **70%** of the Company's employees hold various credentials such as international certified financial planners, chartered financial analysts, certified public accountants and qualified legal professionals



In 2022, the Company organised

more than **30** internal and external training sessions which were participated by more than

2,000 employees



03



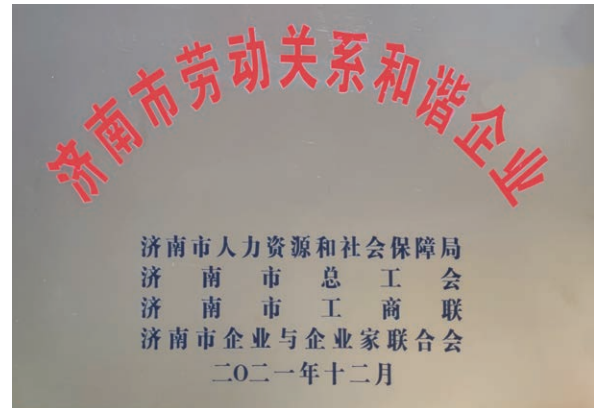
People-oriented and Growing Together

Employees are the most valuable asset to the Company's continuous and healthy development. SITC has always adhered to the concept of "gathering talents from everywhere and using them". Under the new background of industrial reform and transformation, the Company has forged ahead to reform and innovate, forming a unique talent management concept of "attracting talents, cultivating talents, and delivering talents". The Company provides various solid guarantees for its employees by constantly improving system and mechanism construction related to employee management and protection of employees' rights and interests, actively assisting them to grow, and joining hands to create brighter future for all.

- 36 Employment According to Laws and Regulations
- 37 Building a Growth Platform
- 40 Protecting Employees' Health
- 41 Improving the Training System
- 43 Enriching Leisure Life

Employment According to Laws and Regulations

SITC has always adhered to the strategy of talents for a strong enterprise, strictly complies with relevant laws and regulations such as 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》) and the *Social Insurance Law of the People's Republic of China* (《中華人民共和國社會保險法》), and resolutely eliminates any form of discrimination caused by myriad factors such as religion, gender and age, employment of child labour and forced labour. The Company actively builds a new type of labour relationship that is standardised and orderly, fair and reasonable, mutually beneficial and win-win, and harmonious and stable. Employing our staff in strict compliance with laws and regulations, and continuing to standardise labour relationship management, the Company was awarded the title of "Enterprise with Harmonious Labour Relationship in Jinan".



With reference to remuneration policies, operating performance and market benchmarks, the Company established a series of systems such as the *Administrative Measures for Adjustment of Employee Positions* (《員工崗位級別調整管理辦法》), the *Administrative Measures for Internal Accountability (Trial)* (《內部問責管理辦法(試行)》), the *Administrative Measures on the Claw-back Mechanism of Performance-based Remuneration (Trial)* (《績效薪酬追索扣回機制管理辦法(試行)》) and the *Measures for Deferred Payment of Remuneration* (《薪酬遞延支付辦法》) to realise the coexistence of incentives and constraints, and payment of social insurance and housing provident funds for employees on time and in full, striving to improve employees' salaries and benefits, standardise the implementation of annual leave system, and effectively protect employees' legitimate rights and interests.



Organising employee tree-planting activity

Building a Growth Platform

As the fountainhead of business transformation, professional talent is a core resource for gaining initiative, advantages and the future. In recent years, SITC has continued to deepen the market-oriented talent selection and employment mechanism, constantly broadened talent selection channels, smoothed the career paths of employees, and vigorously created a good environment for talent growth so as to provide solid talent guarantee and intellectual support for the Company's development. The Company strives to cultivate first-rate financial professionals and build high-quality professional teams.

We recruit promising young professionals from prestigious universities through campus and social recruiting events. Currently, more than 70% of our employees hold various credentials such as international certified financial planners, chartered financial analysts, certified public accountants and qualified legal professionals. As of the end of 2022, over 120 employees of the Company successfully applied for high-end talents of Jinan. A total of 22 employees successfully applied for talent subsidies in 2022. The Company obtained subsidies or capital support in the amount of approximately RMB500,000 for employees.

As of the end of 2022, over **120** employees of the Company successfully applied for high-end talents of Jinan

22 employees successfully applied for talent subsidies in 2022

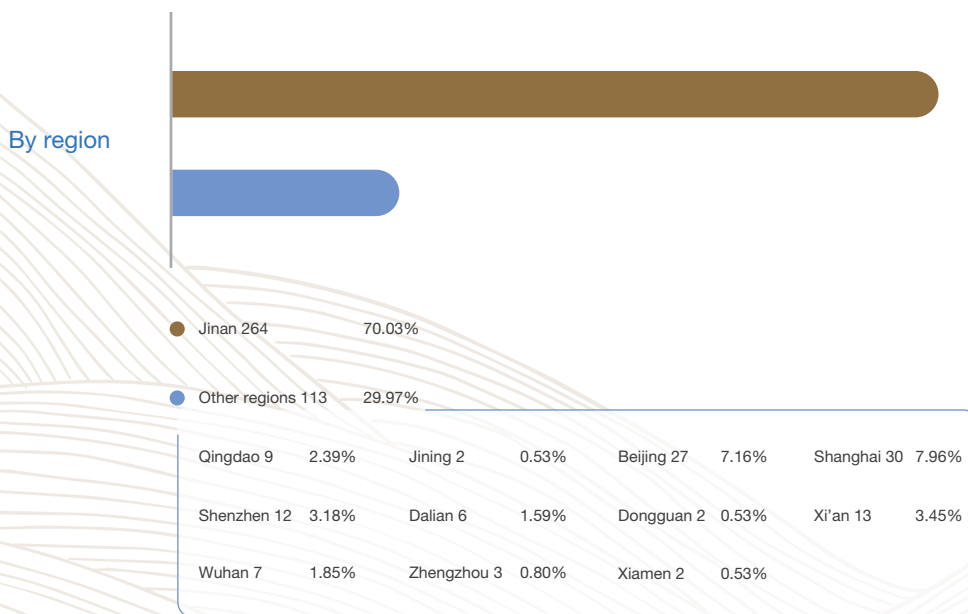
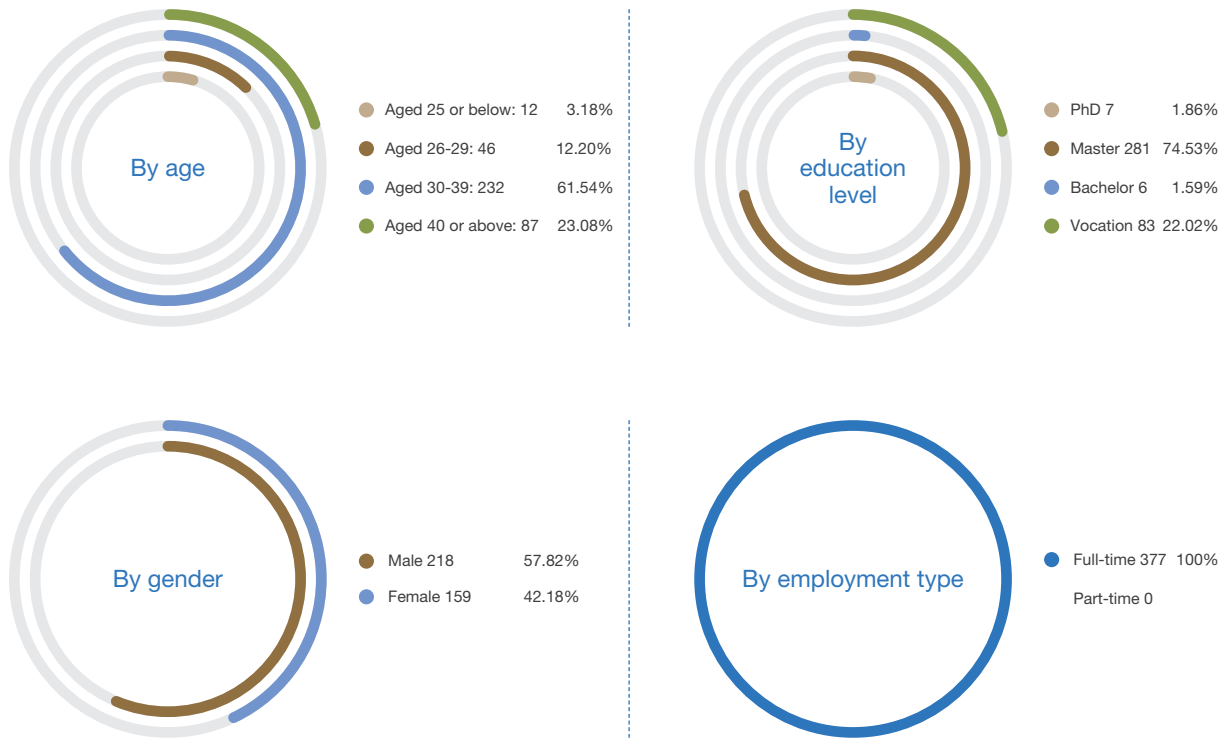
obtained subsidies or capital support in the amount of approximately RMB **500,000** for employees



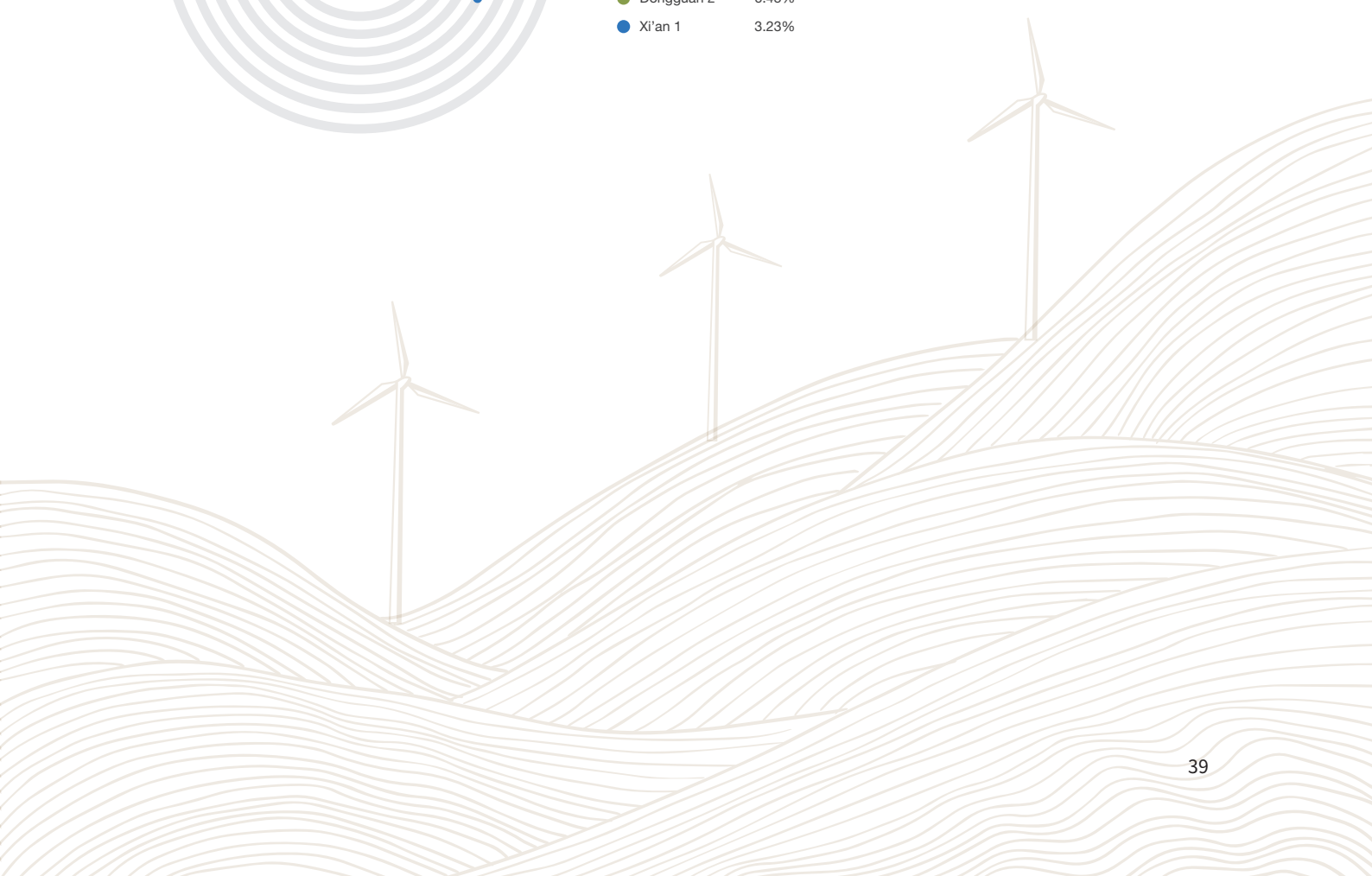
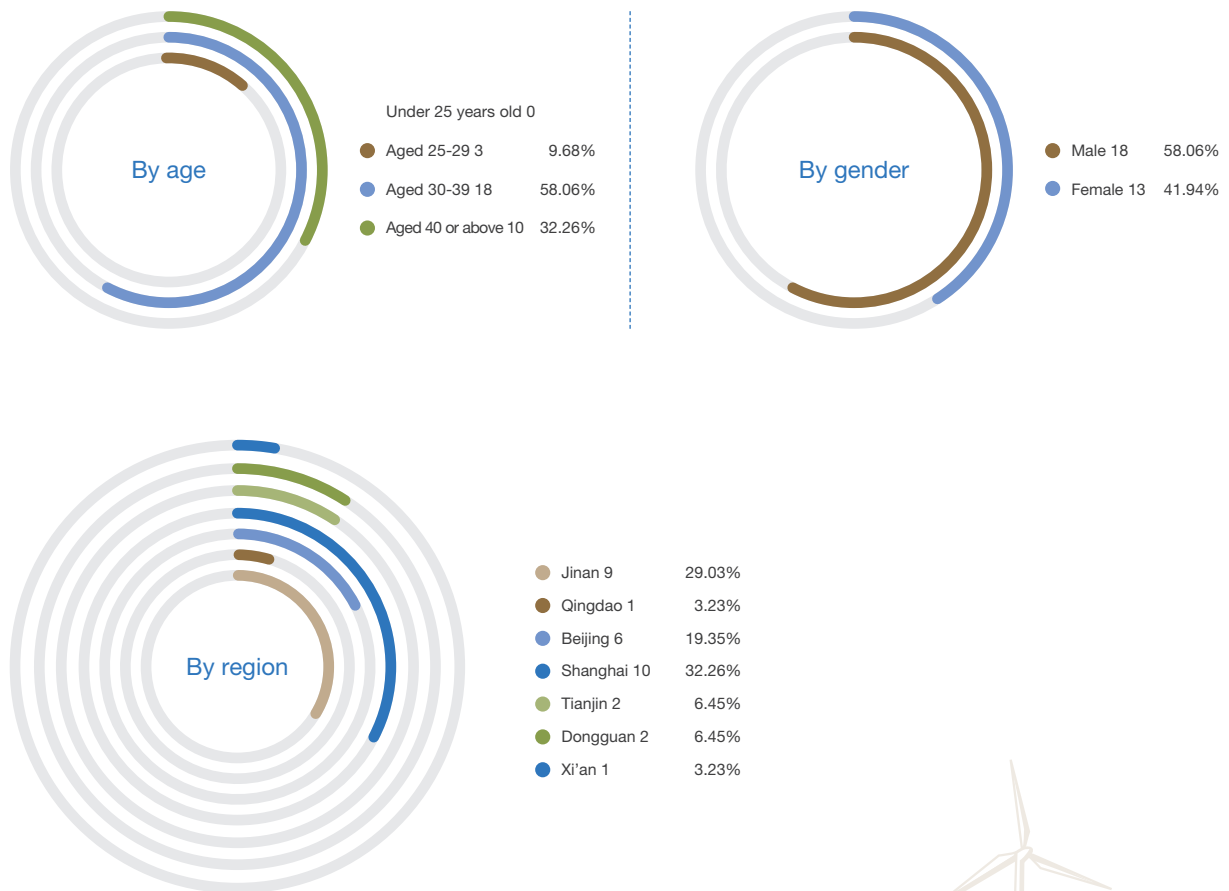
Campus recruitment interview for the conversion of new employees into full-time employees for 2022

As of the end of 2022, the Company had a total of 377 employees, with an employee turnover rate of 8.22% in 2022.

As of 31 December 2022



Employee turnover



Protecting Employees' Health

The Company greatly values the health and safety of its employees by providing comprehensive safety protection through the adoption of various measures. In strict accordance with the *Work Safety Law of the People's Republic of China* (《中華人民共和國安全生產法》), the *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases* (《中華人民共和國職業病防治法》) and other laws and regulations, the Company formulated safety management policies such as the *Measures for Routine Inspection of Workplace Safety* (《安全生產例行檢查辦法》) and the *Safety and Protection Management System* (《安全保衛管理制度》) to develop a healthy and safe work environment for employees in terms of system development, investment in capital and safety facilities, and physical security.

In 2022, the Company persisted in normalising pandemic prevention and control work, fully performing its obligation as a state-owned enterprise to resolutely combat the COVID-19 pandemic. Our prevention and control efforts include stringent management of visitors and attendance at major conferences and activities, refined management of important workplace, active promotion of the COVID-19 vaccine, regular nucleic acid testing and distribution of pandemic prevention supplies such as masks, wet wipes, alcohol and disinfectant to employees to protect their health and well-being.



Normalising pandemic prevention and control work



"Love Women, Salute Women" women's health talk

The Company performs fire drills on an annual basis, regularly conducts safety inspections of the office environment, provides employees with annual physical examinations and has a standardised annual leave system. By providing employees with subsidised childcare and wellness facilities such as lactation rooms, the Company comprehensively protects the health and well-being of all employees, further extending the coverage of employee benefits.

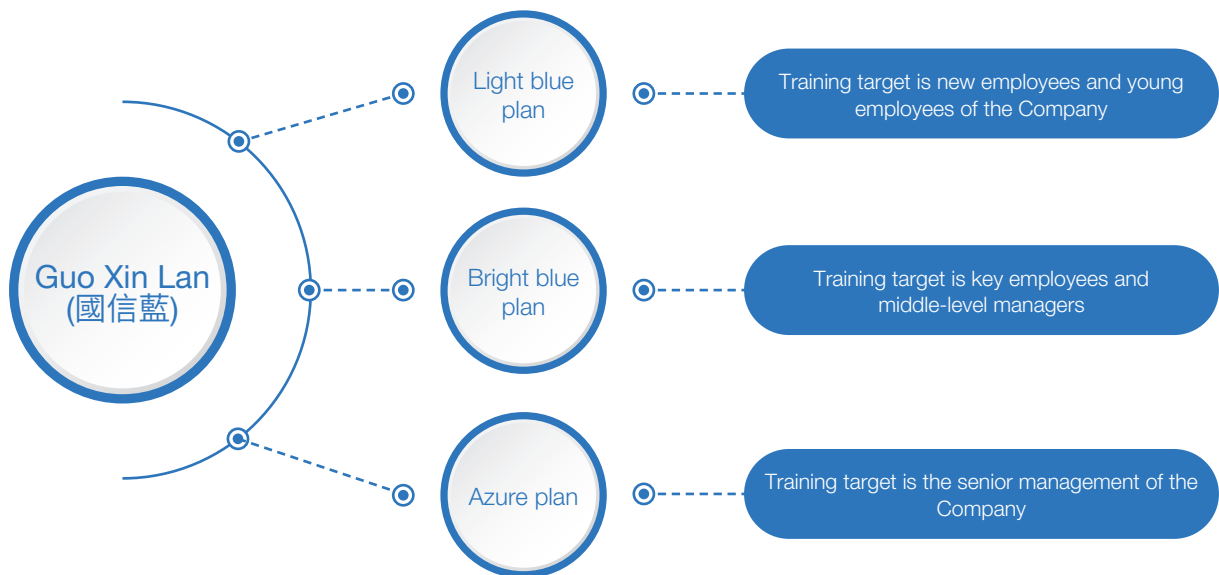
No work-related deaths among employees of the Company or loss of normal workdays resulting from work-related injuries or deaths occurred from 2019 to 2022.

Improving the Training System

Guided by its development strategy, the Company aims to enhance the business acumen, overall quality and work performance of its employees. We have established a “Talent Inheritance” talent training system by creating the “light blue plan – bright blue plan – azure plan” series as “Guo Xin Lan” (國信藍) training system. In particular, the training target of “light blue plan” is new employees and young employees of the Company, “bright blue plan” is for key employees and middle-level managers, while “azure plan” is for the senior management of the Company. Relying on internal and external lecturer resources, the Company integrates compulsory and elective courses which earn employees training credits in an effort to constantly improve in-house training systems, differentiate the requirements of different job levels, and provide effective, specialized and comprehensive training.

In 2022, the Company organised more than 30 internal and external training sessions with more than 2,000 participants.

In 2022, the Company organised more than **30** internal and external training sessions
with more than **2,000** participants



Training received by employees of the Company in 2022 was as follows:

Employee training		2022			
		Number of employees	Number of employees who received training	Percentage of employees who received training	Average training duration (hours)
Gender	Male	201	201	100%	16.2
	Female	149	149	100%	16.2
Employee category	Company leaders	13	13	100%	18
	Middle management	58	58	100%	20
	General staff	279	279	100%	15.3



Training on consumer rights protection



A training session of light blue plan

Enriching Leisure Life

The Company encourages and supports employees to carry out diversified cultural and sports activities by providing financial support. Employees of the Company have voluntarily set up interest groups such as badminton, table tennis and basketball for regularly sports activities, while different cultural and sports competitions are organised by the Company for its employees from time to time to enhance their cohesion and sense of belonging.



Patriotism film themed viewing activity



“Youth Shines at Your Posts” speech contest



“Rose Journal Club” female staff reading sharing session

The green trust business developed rapidly,
adding **8** new green trust orders,
with a total scale of
RMB **1.433** billion

Issued the first green trust
with green certification for
CCER carbon asset income
rights in China



04



Green Initiatives for Golden Future

Adhering to the principles of green development, the Company actively expands green financial business, continues to carry out green operations, vigorously advocates green office culture, and strives to take various measures to reduce resource use and energy consumption, reduce waste generation, and reduce the impact of the Company's operations on the environment.

46 Deploying Green Trust

48 Promoting Green Operation

50 2022 Environmental Key Performance Indicators

Climate change is a common challenge for all mankind. China has proposed the strategic goals of “carbon peak by 2030 and carbon neutrality by 2060”, and has comprehensively incorporated the response to climate change and “carbon peak & carbon neutrality” into the “14th Five-Year Plan”. The “carbon peak & carbon neutrality” strategy fully demonstrates China’s responsibility as a major power to take the initiative to address climate change.

The Company strictly complies with laws and regulations such as the *Environmental Protection Law of the People’s Republic of China* (《中華人民共和國環境保護法》), the *Energy Conservation Law of the People’s Republic of China* (《中華人民共和國節約能源法》) and the *Law 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物污染環境防治法》), and actively responds to the national strategy by promoting the rapid development of green trust. We formulate emission reduction plans at the Company’s operation level, actively respond to the challenges brought by extreme weather changes, and contribute to green and sustainable development. The Company has incorporated the response to weather disasters into its workplace safety management, formulated emergency plans and control measures for extreme weather such as heavy rain, snowstorm, typhoon and hail, and joined hands with property companies to enhance daily inspection and hidden risk management of drainage pipes, office building facades and main structures, so as to continuously improve the Company’s ability to respond to the challenges of climate change.

Deploying Green Trust

In 2021, the “Opinions on Completely, Accurately and Comprehensively Implementing the New Development Concept and Carbon Peak & Carbon Neutrality” and the “Action Plan for Carbon Peak Before 2030” were released successively, officially launching the top-level design of “Carbon Peak & Carbon Neutrality”. The Company responded quickly by continuing to explore its own green development path. In its own “14th Five-Year Plan”, the Company clearly regards green trust as its development strategy, and has scientifically formulated a green trust implementation plan centring on green investment and financing business, green service trust, green operation model, and practice of ESG concepts. We are committed to providing all-round and professional green financial services.

In 2022, the Company’s green trust business achieved rapid development, adding 8 new green trust orders, with a total scale of RMB1.433 billion.

Adding **8** new green trust orders, with a total scale of RMB **1.433** billion



Case:

The Company issued the “Carbon Neutrality • Carbon Asset Investment Collective Fund Trust Plan”, and all the raised funds were used to transfer the CCER income rights held by the future development of BECE Legend Group Co., Ltd. The plan has been evaluated and certified as “Golden Green” by Golden Credit, becoming the first green trust with green certification for CCER carbon asset income rights in China.



Case:

The Company established the “Shandong Trust • Xingliao No. 1 Collective Fund Trust Plan”, and the trust funds were used to issue trust loans to Liaocheng Finance Clean Energy Thermal Co., Ltd. for the construction of the city’s clean energy heating project.



Promoting Green Operation

As a financial institution, the Company's resource and energy consumption mainly includes water and electricity in offices, and fuel consumption of company vehicles. In the course of day-to-day business, the Company has always adhered to practising green and environmental protection concepts, such as encouraging green travel, green office and green procurement, and minimising unnecessary energy consumption in its offices through strengthened energy conservation and control. In order to raise employees' awareness of environmental issues and reinforce their sense of environmental responsibility, the Company calls on its employees to take action starting with themselves and from the details of work and life, saving every bit of electricity, water and paper wherever possible, and advocates a low-carbon lifestyle.

The Company enthusiastically advocates the culture of "green office," implementing various measures in support of energy conservation and emissions reduction. For example, we are constantly optimizing the collaborative office platform, and use a "mobile office" APP to manage business processes online, improve operational efficiency, and reduce consumption of office paper and toner and ink cartridges. We also fully utilise an effective meeting platform to realise new meeting functions such as electronic whiteboard writing and remote meetings, which have not only improved meeting quality and made meetings more intelligent, convenient and efficient, but also increased the frequency of video and teleconferences, reducing energy consumption from lodging and transportation for employees traveling to meetings. Toner and ink cartridges, packaging, waste paper and other recyclables produced throughout the workday are recycled by the property management company, while decommissioned electronics such as computers and printers are handled by recyclers. In addition, we provide a green plant to each employee to create fresh office air, and organise environmental advocacy activities for employees such as tree planting, walks through green spaces and community recycling and clean-up, so as to practise the concept of sustainable development through action.



Organising a tree planting activity with the theme of "Contributing to Green Water and Mountains, Assisting in the Goal of Carbon Peak & Carbon Neutrality"

In 2022, the Company moved into the new office address, and the construction of the new office site has complied with the “Design Standards for Energy Conservation of Public Buildings” (GB50189-2005), the “Evaluation Standards for Green Buildings” (GB/T 50378-2014) and other energy-saving and environmental protection design requirements. Energy-saving and environmental protection designs have been adopted in the drainage system, HVAC (heating, ventilation, and air conditioning) and electrical system.



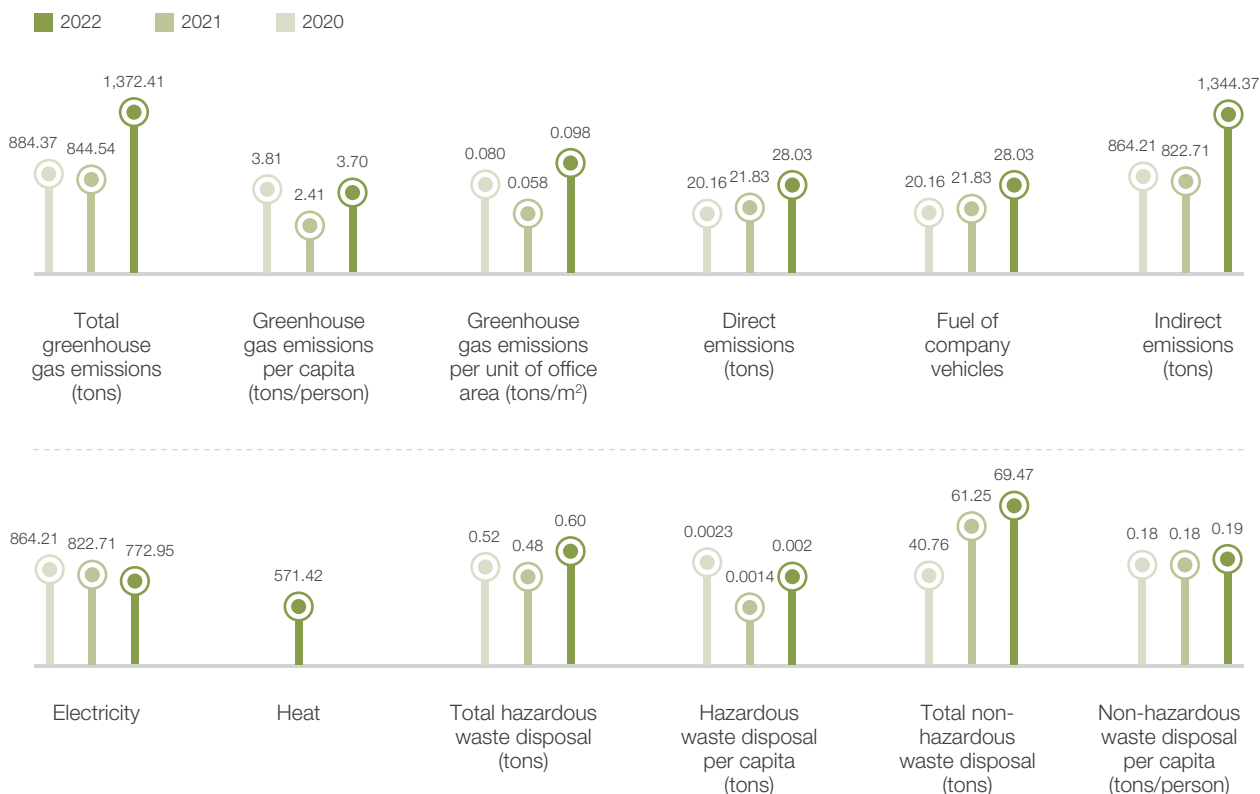
New office site of the Company

Target areas	Emission reduction/waste reduction target	Planned measures
Low carbon operation	Explore the reduction of per capita carbon emissions by about 5% every year	Fully implement online examination and signing, advocate paperless office, and reduce paper consumption; Increase the number of shared office seats; Full use of energy-saving and water-saving equipment; Increase the number of online meetings.
Energy consumption	Realise the gradual reduction of per capita energy consumption, and explore the formulation of quantitative indicators of energy consumption	Encourage employees to commute and travel by public transport, electric cars and bullet trains; Use energy-saving lamps and electrical appliances to reduce power consumption.
Water consumption	Realise the gradual reduction of per capita water resources consumption, and explore the formulation of quantitative indicators of water resources consumption	Fully use of water-saving equipment; Water-saving renovation of water facilities; Increase the frequency of maintenance and reduce leakage.
Non-hazardous waste	Realise the gradual reduction of per capita consumption of non-hazardous waste, and explore the formulation of quantitative indicators of consumption	Promote paperless office and reduce paper consumption; Encourage employees to use duplex printing, recycling envelopes and express packaging; Advocate the “Clear Your Plate” campaign (光盤行動) to save food.
Hazardous waste	Realise the gradual reduction of per capita consumption of hazardous waste, and explore the formulation of quantitative indicators of consumption	Promote paperless office and reduce the consumption of hazardous wastes such as toner cartridges and ink cartridges.

2022 Environmental Key Performance Indicators

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

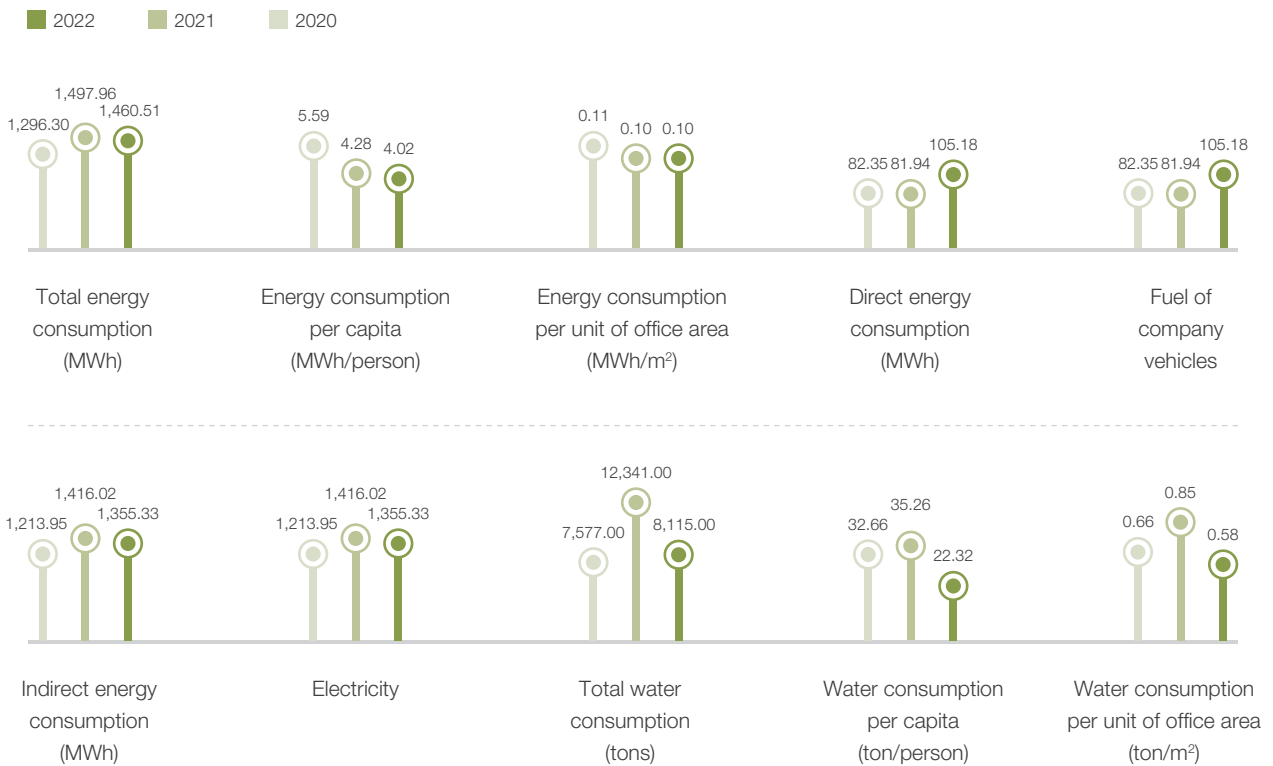
Emissions



Notes:

1. Due to the nature of the Company's business, greenhouse gas emissions mainly derive from direct emissions from fuel consumption by company vehicles and indirect emissions from purchased electricity used in offices.
2. Greenhouse gases include carbon dioxide, methane and nitrous oxide, which is presented by carbon dioxide equivalent in accordance with the *China's Regional Grid Baseline Emission Factors For Emission Reduction Projects in 2019* (《2019年度减排项目中国区域电网基准排放因子》) issued by the Ministry of Ecology and Environment of the People's Republic of China and the *2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 Revision)* (《2006年IPCC国家温室气体清单指南(2019修订版)》) issued by the Intergovernmental Panel on Climate Change (IPCC).
3. The intensities of environmental performance indicators in this Report are calculated based on the annual average headcount of the Company. The annual average headcount of the Company is equivalent to the average of the headcount on 1 January 2022 and the headcount on 31 December 2022.
4. Hazardous wastes produced during the operations of the Company mainly include waste toner cartridges and waste ink cartridges, which are turned over to professional recyclers for disposal by the property management company.
5. Non-hazardous wastes produced during the operations of the Company mainly include domestic waste, which is turned over to qualified third parties by the property management company for collection and hauling. As it cannot be measured separately, we have adopted the coefficient of per capita generation of 0.7 kg domestic waste per day as the basis for calculation according to the Class I standard of Zone I as set out in the *Coefficient Manual of the First National Census on Pollution Sources for the Pollutant Generation and Discharge from Urban Living* (《第一次全国污染源普查城镇生活源产排污系数手册》) issued by the State Council in 2008.
6. In 2022, due to the change of the Company's office address, there were an additional cost for purchased heating and an increase in greenhouse gas emissions.

Energy and Resource Consumption



Notes:

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

Key Performance Table

Category	Key Performance Indicator	2022	2021
Economic performance	Total assets (RMB100 million)	144.58	190.63
	Total equity (RMB100 million)	109.30	106.52
	Operating revenue (RMB100 million)	14.45	17.79
	Net profit attributable to shareholders of the Company (RMB100 million)	2.80	4.69
	Size of trust assets (RMB100 million)	2,154.00	1,722.28
	Size of actively managed trust assets (RMB100 million)	1,106.85	863.91
Social performance	Number of employees	377	350
	Male to female ratio	1.37:1	1.35:1

Content Index of ESG Reporting Guide

Aspect	Content	Reference Page Number
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. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	46
A1.1	The types of emissions and respective emissions data.	50
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	50
A1.3	Total hazardous waste produced (in weight or volume) and, where appropriate, intensity (e.g. per unit of production volume, per facility, per formal staff).	50
A1.4	Total non-hazardous waste produced (in weight or volume) and, where appropriate, intensity (e.g. per unit of production volume, per facility, per formal staff).	50
A1.5	Description of emissions target(s) set and steps taken to achieve them.	49
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of waste reduction target(s) set and steps taken to achieve them.	49

Aspect	Content	Reference Page Number
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	48
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	51
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	51
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	49
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.	49
A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	N/A as the Company is non-manufacturing enterprise
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	46
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	46-47
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.	46
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.	46
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, work hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	35-43
B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	38
B1.2	Employee turnover rate by gender, age group and geographical region.	39
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.	17, 40
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	40
B2.2	Lost days due to work injury.	40
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	17, 40

Aspect	Content	Reference Page Number
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for performing duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	41-42
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	42
B3.2	The average training hours completed per employee by gender and employee category.	42
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 or forced labour.	36
B4.1	Description of measures to review employment practices to avoid child and forced labour.	36
B4.2	Description of steps taken to eliminate such practices when discovered.	36
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	13
B5.1	Number of suppliers by geographical region.	13
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.	13
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	13
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	13
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.	13, 16, 29
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	30
B6.2	Number of products and service related complaints received and how they are dealt with.	30
B6.3	Description of practices relating to observing and protecting intellectual property rights.	13
B6.4	Description of quality assurance process and recall procedures.	30
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	16

Aspect	Content	Reference Page Number
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	14
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.	14
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	14
B7.3	Description of anti-corruption training provided to directors and staff.	14
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.	30
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	30-33
B8.2	Resources contributed (e.g. money or time) to the focus area.	30-33

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