



**ZHONGTAI FUTURES Company Limited**  
**中泰期貨股份有限公司**

(Formerly known as LUZHENG FUTURES Company Limited)  
(A joint stock company incorporated in the People's Republic of China with limited liability)  
(Stock Code : 01461)

**2022**

**ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT**



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## DEFINITION

“Articles of Association”	the Articles of Association of ZHONGTAI FUTURES Company Limited
“Board of Directors” or “Board”	the board of Directors of the Company
“CG Code”	Corporate Governance Code set out in Appendix 14 of the Listing Rules
“China”, “PRC or country”	the People’s Republic of China, for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan Province
“Company” or “ZHONGTAI FUTURES”	ZHONGTAI FUTURES Company Limited (中泰期貨股份有限公司) (formerly known as LUZHENG FUTURES Company Limited (魯証期貨股份有限公司)), a company reorganized in the PRC on 10 December 2012 with limited liability (including its predecessor Shandong Quaxin Futures Brokerage Co., Ltd. (山東泉鑫期貨經紀有限公司), which was renamed as Luzheng Futures Brokerage Co., Ltd. (魯証期貨經紀有限公司), and then renamed as LUZHENG FUTURES CORPORATION LIMITED (魯証期貨有限公司)), and its H shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 01461)
“Company Law”	the Company Law of the People’s Republic of China
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“Futures and Derivatives Law”	the Futures and Derivatives Law of the People’s Republic of China
“general meeting(s)”	general meeting(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited



“Luzheng Information Technology”	Luzheng Information Technology Co., Ltd. (魯証信息技術有限公司), the Company’s wholly-owned subsidiary established in the PRC with limited liability on 15 February 2015
“RMB”	the lawful currency of the PRC
“Rules of Procedure of General Meeting”	the Rules of Procedure of General Meeting of ZHONGTAI FUTURES Company Limited
“Rules of Procedure of the Board of Directors”	the Rules of Procedure of the Board of Directors of ZHONGTAI FUTURES Company Limited
“Rules of Procedure of the Supervisory Committee”	the Rules of Procedure of the Supervisory Committee of ZHONGTAI FUTURES Company Limited
“Rules of Procedures for the General Manager”	the Rules of Procedures for the General Manager of ZHONGTAI FUTURES Company Limited
“Shareholder(s)”	the holder(s) of the share(s) of the Company
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Working Rules of the General Manager”	the Working Rules of the General Manager of ZHONGTAI FUTURES Company Limited
“Zhongtai Huirong Capital”	Zhongtai Huirong Capital Investment Co., Ltd. (中泰匯融資本投資有限公司), previously known as Luzheng Capital Management Co., Ltd. (魯証資本管理有限公司), and Luzheng Trading Co., Ltd. (魯証經貿有限公司), a company established in the PRC with limited liability on 24 April 2013, and being a wholly-owned subsidiary of the Company
“Zhongtai Securities”	Zhongtai Securities Co., Ltd. (中泰證券股份有限公司), previously known as Qilu Securities Co., Ltd. (齊魯證券有限公司), a company established in the PRC on 15 May 2001 with limited liability, and listed in Shanghai Stock Exchange on 3 June 2020 (stock code: 600918), 32.62% of which is owned by Zaozhuang Mining Group Co., Ltd. (棗莊礦業(集團)有限責任公司), and being one of the controlling Shareholders of the Company





## I. ABOUT THIS REPORT

### (I) Introduction

This Environmental, Social and Governance (“ESG”) Report (the “Report”) discloses the relevant environmental, social and corporate governance initiatives adopted by the Group and their performance during the business operation in the PRC. The contents and data disclosed in the Report have been considered and approved by the Board of Directors.

### (II) Statement of the Board

The Board oversees the implementation of the Company’s ESG policies and plans, including the assessment and determination of the Company’s environmental, social and governance-related risks and important related matters, and guides and supervises the management in carrying out ESG-related work. A Strategic Development Committee has been established under the Board to assist the Board in overseeing the ESG matters of the Company.

- Responding to the “carbon peaking and carbon neutrality” strategy: The Company upholds the concept of sustainable finance, actively participates in supporting the construction of the carbon market and pays attention to the development of innovative carbon market model. The Company persists in being a practitioner of responsible investment and green finance, continues to promote the application of responsible investment strategies, and actively facilitates the innovation of green financial products and services to promote low-carbon transformation.
- Serving the real economy: The Company actively plays the role of bridging the real economy and the capital market, facilitates the high-level circulation of technology, capital and the real economy, directs the financial resources to key areas, strengthens the business development in new technologies and new industries, supports the high-end, intelligent and green transformation of traditional industries, and contributes financial strength to the multi-dimensional development of the real economy.
- Innovation: The Company actively implements the national strategy of rural revitalization and promotes the achievement of common prosperity. Based on the actual needs of our business and local communities, the Company focuses on professional assistance, industrial assistance and consumption-driven assistance to cultivate new momentum for the endogenous development of the areas under our assistance.

Meanwhile, the Board actively promotes the disclosure of environmental, social and governance information and the Company submits an environmental, social and governance report to the Board for consideration every year. The Board and all Directors guarantee that the contents of the Report do not contain any false information, misleading statements or material omissions.



### **(III) Reporting Scope**

The time frame of the Report is from 1 January 2022 to 31 December 2022 (the “Reporting Period”). The Report is published annually. The last report was published in May 2022. In the sections of social and governance, the scope of the Report is the same as that of the annual report. In the environmental sections, based on the importance of the environmental impact of business operation, the scope of data covers the headquarters of the Company, Zhongtai Huirong Capital and Luzheng Information Technology, which accounted for approximately 51.02% of total number of employees of the Group.

### **(IV) Basis of Preparation**

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

### **(V) Source of Data**

The financial data in the Report were extracted from the 2022 Annual Report of the Company, and other data and information were extracted from various internal documents, records and statistics of the Company, and there are no false records, misleading statements or material omissions.

### **(VI) Release Format**

The Report is published in PDF electronic format on the HKEXnews website of the Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.ztqh.com](http://www.ztqh.com)).

## **II. ABOUT THE COMPANY**

The Company fully and accurately implements the new development concept, actively serves and integrates into the new development pattern, continuously cultivates the industry culture of “compliance, integrity, professionalism, steadiness and responsibility”, integrates ESG concept into corporate governance and development strategy, and comprehensively builds a first-class modern financial enterprise with loyalty, compliance, innovation and mutual benefits. The Company has established an ESG management structure consisting of “the Board and the Strategic Development Committee under the Board – the management – different departments, branches and subsidiaries” to coordinate and carry out ESG-related work.

- the Board and the Strategic Development Committee under the Board: Responsible for conducting research on the Company's ESG governance vision, objectives and policies; formulating the Company's ESG management approaches, policies and plans.
- the management: Responsible for developing ESG implementation measures.
- different departments, branches and subsidiaries: Responsible for the implementation of ESG-related work, organizing and participating in major social responsibility activities, etc.



## (I) Company Profile

The Company is a large futures company established with approval of the CSRC, and controlled by Zhongtai Securities. Headquartered in Jinan, Shandong, the Company has a registered capital of RMB1.0019 billion, more than 700 employees, 13 branches, 18 sales offices, the wholly-owned companies Zhongtai Huirong Capital, Luzheng Information Technology and Luzheng International Holding Limited. These together with the branches of Zhongtai Securities across the country formed a service network covering the whole country. The business scope of the Company covers commodity futures brokerage, financial futures brokerage, futures transaction consulting and asset management. It owns trading seats of Shanghai Futures Exchange (上海期貨交易所), Dalian Commodity Exchange (大連商品交易所), Zhengzhou Commodity Exchange (鄭州商品交易所), Shanghai International Energy Exchange Co., Ltd. (上海國際能源交易中心股份有限公司), China Financial Futures Exchange (中國金融期貨交易所) and Guangzhou

Futures Exchange (廣州期貨交易所), and also serves as a general clearing member of China Financial Futures Exchange, a member of the second, third, fourth and fifth sessions of the council of China Futures Association and the chairman of Shandong Futures Association. The Company always adheres to the business philosophy of “control of compliance risks, the benefits of customers, the value of talents, innovation and development are paramount” and is gradually strengthening the necessary functions and positioning of financial intermediaries. It regards serving real economic entities as a strategic focus of its business development, continuously improving its ability and level of serving the real economy.





On 7 July 2015, the Company was listed on the Main Board of the Hong Kong Stock Exchange.

The Company has an efficient and pragmatic business management team daring to innovate, and an experienced and sophisticated professional service team. The Company will leverage on these two teams to reward its customers with sincere and high-quality service, give impetus to the industry's progress and development of real economy through solid work, striving to build itself into an inspiring modern financial enterprise with cultural charm.

## Principal Businesses

### Futures Brokerage Business

Adhering to the core service concept of “customer-centric”, the brokerage business of the Company integrated its resources to make full use of its comprehensive advantage and meet the needs of different types of customers for diversified investment services, and gain customers' trust through trustworthy services. The Company is a general clearing member of China Financial Futures Exchange, provides comprehensive trading, settlement and delivery services, and provides agency settlement services for special overseas participants. Customers' deposits are fully deposited in the registered special deposit account for customers' deposits with dedicated usage and closed operation to ensure the absolute safety of customers' funds.

The Company's brokerage business includes commodity futures, commodity options, financial futures and financial options brokerage businesses, and acts as an agent for futures and options contracts listed on the Zhengzhou Commodity Exchange, Dalian Commodity Exchange, Shanghai Futures Exchange, Shanghai International Energy Exchange Co., Ltd., China Financial Futures Exchange and Guangzhou Futures Exchange, as well as stock options contracts listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange and their corresponding underlying physical commodities.

The Company has established 13 branches and 18 sales offices in the PRC. These together with the branches of Zhongtai Securities across the country formed a marketing and service network covering the whole country, offering futures brokerage services to investors across the country.



### **Futures Transaction Consulting Business**

The Company assists clients in establishing risk management systems and operational processes based on their engagement, and provides risk management consultancy services such as risk management consulting and special training; collects and collates futures market information and various types of related economic information, conducts research and analysis of prices and their relevant affecting factors in the futures market and related spot markets, and produces and provides research and analysis reports or information research and analysis services; and designs hedging, arbitrage and other investment plans for clients, provides trading advisory services such as formulation of futures trading strategies, and carries out other profit-making activities.

### **Asset Management Business**

The Company establishes and acts as the manager of private asset management plans by non-public fund raising or by accepting property entrustment, and the custody institution acts as the custodian and conducts investment activities for the benefit of investors in accordance with laws and regulations and the provisions of asset management contracts.

### **Risk Management Business**

The Company offers risk management services, mainly including over-the-counter derivatives, market-making business, bulk commodity futures and spot trading services and other business related to risk management through its wholly-owned risk management company Zhongtai Huirong Capital. Using the futures and options and other derivatives, the Company provides price risk management, inventory management, and supply chain finance for enterprises engaged in production, trading and processing of goods on different industrial chains. At the same time, subject to honest and trustworthy and prudent operation principles, it has been keen on exploring and innovating risk management models and improving its risk management capability in the course of business, providing strong support to the healthy business of real economic entities. Zhongtai Huirong Capital is among the leading players in the derivatives industry.





## Corporate Culture

### 1. *Mission of the Company*

The Company aims to use futures and derivative tools to provide competitive specialized services and risk management solutions, create sustainable value for its customers, and realize the China's dream of capital markets.

### 2. *Development goals*

Comprehensively building a first-class modern financial enterprise with loyalty, compliance, innovation and mutual benefits.

- **Loyalty:** We will bear in mind “the great cause of the country”, uphold the political and people-oriented nature of financial works, adhere to and strengthen the leadership of the Party, and provide in-depth support to the real economy.
- **Compliance:** We will adhere to the business philosophy of “compliance and risk control first”, prioritize compliance and risk control, resolutely prevent and control financial risks, and firmly guard the bottom line of safe development.
- **Innovation:** We will continue to deepen financial reform, using “benchmarking against the best, improving quality and efficiency” as a guiding principle, and strengthen innovation in areas such as business transformation, customer service, financial technology and management mechanisms.
- **Mutual benefits:** We will strive for excellence and build the Company into a highly reputable and preferred partner in the market. We will also help others succeed, co-create and share with employees, work with Shareholders for mutual prosperity, increase the wealth of our investors, and contribute to the goal of common prosperity.

### 3. *Business philosophy*

We place utmost importance on compliance and risk control, customers' interests, talent value, and innovative development.



## **(II) Recognitions and Honours**

The Company was honored with “China’s Best Futures Company Award”, “China’s Futures Company Management Team Gold Award”, “Best Commodity Futures Industry Service Award” (metals, agricultural by products, energy and chemicals), “Best Financial Futures Service Award”, “Best Rural Revitalization Service and Social Responsibility Public Welfare Award”, “Best Corporate Culture Building Award”, “Most Popular Self Media of Futures Companies”, “Investor Education Model Innovation of the Year Award”, “Best Risk Management Subsidiary Service Innovation Award”, “Best Institution Contribution Award for Futures Talent Cultivation”, “Best Financial Technology Progress Award”, “Best Derivatives Comprehensive Service Innovation Award”, “China’s Golden Futures Research Centre”, “Best Ferrous Metal Research Team”, “Best Macro Financial Research Team”, “Best Energy and Chemicals Research Team”, “Best Agricultural Product Research Team” and “Best Metals Research Team” in the 15th selection of best futures operation institutions in China;



The Company was honored with the title of “Provincial Spiritual Civilization Unit” by the Spiritual Civilization Construction Committee of Shandong Province;

The Company was honored with the title of “March 15 Integrity Financial Brand” by Dazhong Daily Newspaper;

The Company was honored with the “2022 Outstanding Service Member Award for Market Making of Treasury Bond Futures” and “2022 Outstanding Service Member Award for Market Making of Stock Index Options” by China Financial Futures Exchange;

The Company was honored with “Excellent Member Gold Award”, “Excellent OTC Market Construction Award”, “Excellent Technical Service Award”, “Industrial Service for Agricultural Product Award”, “Excellent Iron and Steel Raw Material and Fuel Industry Service Award”, “Excellent Institutional Service Award”, “Excellent Energy Industry Service Award”, “Excellent Talent Cultivation Award”, and First College Student Derivatives Practice Competition of ‘young’ Sailing Period by Dalian Commodity Exchange;

The Company was honored with the Excellent Works Award and Excellent Organization Award of “Songlin Cup Investor Education Animation Competition” by Shanghai Futures Exchange;

The Company was honored with the “Outstanding Member Award”, Outstanding Member for Industrial Service, “Talent Cultivation Award”, “Agricultural Industry Service Award”, “Photovoltaic Building Materials Industry Service Award”, “Nomination Team of Pioneer for Investor Education” and “Insurance + Futures” Pilot Project – “Outstanding Project Award” by Zhengzhou Commodity Exchange.



### (III) Key Stakeholders

In forming the environmental, social and corporate governance management system and implementing environmental, social and corporate governance responsibilities, the Group recognizes the importance of maintaining good communication with its stakeholders. To this end, the Group has determined five channels for communication with its key stakeholders to ensure the effective communication of expectations and request between the Group and its stakeholders. In addition, the Group has also evaluated the concerns of various stakeholders on its social and corporate governance performance during the actual business operation.

Key stakeholder	Communication channel	Concern
Government and regulatory authorities	Regular communication and reports Information disclosure Policy implementation Participation in government research activities	Compliant operation Corporate governance Risk management Anti-money laundering Honest practice
Shareholders and investors	General meetings Information disclosure Investor visits and other exchange activities Telephone, e-mail, Company website, etc	Corporate governance Profitability Stable operation Protection of investors' rights and interests Information disclosure Risk prevention and control
Employees	Staff representative meeting Seminars Employees' training E-learning platform Employee recreational activities Employee care activities	Remuneration and benefits Employees' rights and interests Training and enhancement Health and safety Employees' life
Customers	Customer visits Presentation Customer complaint hotline Investor education activities Customer satisfaction survey Customer service and complaints Mobile App	Serving the real economy Information security Customer privacy protection Investor education Financial technology
Community and the public	Charitable activities Rural revitalization Voluntary activities	Social welfare Green operation Green finance Rural revitalization

### III. GOVERNANCE

#### (I) Corporate Governance

Sound corporate governance is the foundation of sustainable corporate development. As an overseas listed public company, the Company has always been committed to improving the level of its corporate governance and regards corporate governance as an integral part of creating value for its Shareholders. In accordance with the Company Law, the Futures and Derivatives Law and the code provisions set out in the CG Code, the Company has formulated a series of rules and regulations, including the Articles of Association, the Rules of Procedure of General Meeting, the Rules of Procedure of the Board of Directors, the Rules of Procedure of the Supervisory Committee, the Rules of Procedures for the General Manager and its list and the Working Rules of the General Manager, which clarify the terms of reference and working procedures of the general meeting, the Board of Directors, the Supervisory Committee and the senior management. A modern corporate governance structure, comprising of the general meeting, the Board of Directors, the Supervisory Committee and the senior management, has been established by the Company, each of whom operates independently and keeps effective balance and check of power. Each operating unit is allowed to perform their respective duties under respective terms of reference, which enhances the governance efficiency of the Company and ensures standardized operation of the Company. As of the end of the Reporting Period, the Company's organizational chart is set out as follows:







## 1. Operations of the Board and the Supervisory Committee and general meetings

- |                       |  |
|-----------------------|--|
| General meeting       | <ul style="list-style-type: none"><li>• The general meeting is the supreme authority of the Company, and the Company convenes and holds the general meetings in strict compliance with the Articles of Association, the Rules of Procedure of Shareholders' General Meeting and other relevant requirements to ensure that all Shareholders can enjoy equal positions and fully exercise their rights.</li></ul>   |
| Board                 | <ul style="list-style-type: none"><li>• The Company has formulated the Terms of Reference of Independent Directors to ensure that the independent Directors are able to safeguard the legitimate rights and interests of the Company and its Shareholders in an independent and objective manner.</li><li>• The Board has a diversity policy and the selection of Directors will be based on factors including, but not limited to, gender, age, cultural and educational background, ethnicity, industry experience, technical and professional skills and/or qualifications, knowledge, length of service, etc.</li><li>• The Board has established the Strategic Development Committee, the Risk Control Committee, the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee. Each special committee performs its own duties and responsibilities to promote the efficient, scientific and standardized operation of the Company.</li></ul> |
| Supervisory Committee | <ul style="list-style-type: none"><li>• The Supervisory Committee is accountable to the general meeting and effectively supervises the Company's finances as well as the legal compliance of the Board and the senior management in discharging their responsibilities. The Company adheres to and improves the mechanism of employee representative Supervisors, and the Supervisory Committee includes one employee representative Supervisor to enable the orderly participation of employee representatives in the governance of the Company.</li></ul>  |



## 2. Composition of the Board and Meetings of the Board and the Supervisory Committee and general meetings in 2022

Composition of the Board	<ul style="list-style-type: none"><li>• The Board has 9 Directors</li><li>• 2 executive Directors</li><li>• 7 non-executive Directors (including 3 independent non-executive Directors)</li></ul>
Meetings of the Board and the Supervisory Committee and general meetings	<ul style="list-style-type: none"><li>• 3 general meetings</li><li>• 16 Board meetings</li><li>• 14 meetings of the special committees under the Board</li><li>• 2 meetings of the Supervisory Committee</li><li>• A total of 106 proposals were considered and reviewed</li></ul>

For further details on corporate governance, please refer to the section headed “Corporate Governance Report” in the 2022 Annual Report of the Company.

## 3. Information disclosure management

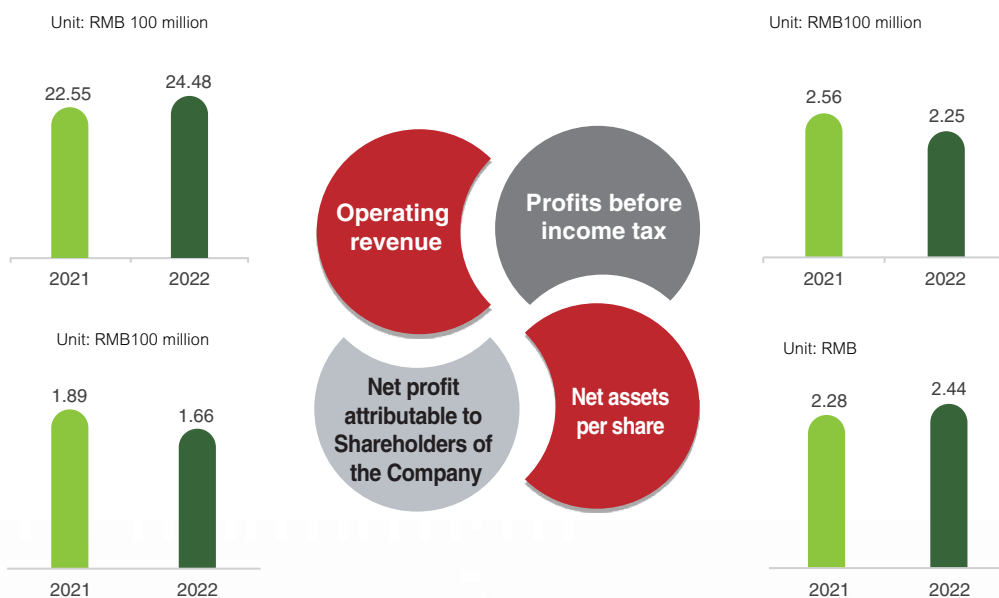
The Company has formulated a series of rules and measures such as the “Information Disclosure Management Measures”, “Emergency Management Measures for Information Disclosure Emergencies” and “Insider Information Management System”, actively performs its information disclosure responsibilities, continuously improves the information disclosure work system, strengthens the management of information disclosure matters, enhances the quality of information disclosure, regulates the management of information disclosure matters of the Company, discloses information in a true, accurate, complete and timely manner, and continuously improves the transparency of the Company. During the Reporting Period, the Company made a total of 60 information disclosures to the public.





#### 4. Comparison of main financial indicators

Item	2022	2021	Increase or decrease compared with the same period last year
Operating revenue (RMB100 million)	24.48	22.55	8.56%
Total profit (RMB100 million)	2.25	2.56	-12.03%
Net profit attributable to Shareholders of the Company (RMB100 million)	1.66	1.89	-11.94%
Net assets per share (RMB)	2.44	2.28	7.02%







## **(II) Compliant and Stable Operations**

During the Reporting Period, the Company adhered to the business philosophy of “compliance and risk control first”, upheld the “regulation-oriented and problem-oriented” principle, incorporated the basic requirements of strict risk prevention and control into the Company’s business processes, risk management and internal control, strictly implemented compliance and risk control management, and continuously improved the comprehensive, effective and efficient compliance and risk control system.

### **1. Continuously strengthening the development of compliance and risk control system**

The Company continuously improves the comprehensive risk management system. The Board is the highest decision-making body for comprehensive risk management; the Supervisory Committee supervises and inspects the performance of duties and responsibilities of the Board and the senior management in respect of comprehensive risk management and urges rectification; the senior management is specifically responsible for the implementation of risk management; a chief risk officer is appointed by the Company to organise, coordinate and implement comprehensive risk management and is provided with adequate support for its performance of duties; a compliance and risk control department and an audit department are set up to perform various comprehensive risk management duties under the leadership of the chief risk officer; and other departments, branches and subsidiaries are responsible for the identification, analysis, assessment, monitoring and reporting of all types of risks associated with relevant business.

The Company strictly observes the compliance red line, vigorously advocates the concept of “compliance and risk control first”, continuously promotes the construction of compliance culture, effectively improves the Company’s policies and systems, strengthens prevention beforehand, control during the process and accountability afterwards, and ensures the Company’s sustainable and healthy development.

The Company strengthens risk prevention, continues to improve the risk control mechanism with multiple levels, interconnection and effective checks and balances, and promotes the transition from qualitative to quantitative risk management to ensure that overall risks of the Company are measurable, controllable, and tolerable.

The Company effectively controls risks at the group level, and continuously improves the penetrating management of its subsidiaries, especially its risk management subsidiaries, through the establishment of risk management system, regular inspection and supervision, and strengthening hierarchical authorization and approval, which effectively enhances the effectiveness of the Company’s compliance and risk control.



## **2. Paying attention to anti-money laundering and fulfilling its anti-money laundering obligation**

In strict accordance with relevant requirements of the national anti-money laundering laws and regulations, regulatory rules, and the “Basic Rules of Money Laundering Risks Management” and “Anti-money Laundering Internal Control and Management Measures” of the Company, and upholding the “Risk-based” working philosophy, the Company did various anti-money laundering work in a systemic way, earnestly fulfilled its statutory obligation in relation to customer identification, classification of risks of money laundering by customers, reporting of large amount and suspicious transactions, preserving of anti-money laundering documents, etc., continuously optimized the Company’s anti-money laundering assessment mechanism, and specified that anti-money laundering to be considered when it comes to performance-appraisal and accountability. The Company collects, administers and preserves customer identification information and transaction records through account management system and counter system. It has an “anti-money laundering compliance management system” to ensure steady and systemic anti-money laundering of the Company.

Rules and policies formulated and revised: 3

Competition: A total of approximately 3,000 participants

Promotional activities: 9 activities with over 170,000 audiences

Special trainings: 4 sessions with a total of 1,810 person-time

## **3. Combating corruption**

The Company focuses on achieving high-quality development, strictly supervises and promotes compliance, prevention, and anti-corruption measures, cultivates a positive political environment that encourages integrity, honest practices, diligence and innovation, and ensures implementation and facilitates improvement and development through supervision, thereby laying a solid foundation for the sustainable development and growth of the Company. During the Reporting Period, the Company’s employees complied with relevant laws and regulations and did not violate any laws relating to anti-corruption and were not involved in any corruption litigation.

### ***(1) Assuring performance of responsibilities on the Party’s moral integrity***

The Company signed “Statement of Principal Responsibility for an All-out Effort to Enforce Strict Party Discipline” and “Statement of Principal Responsibility for ‘one post with two responsibilities’ in Building the Party’s Moral Integrity” and “Statement of Principal Responsibility for Supervision in Building the Party’s Moral Integrity” with employees within the Company from top down to facilitate the long-term and effective implementation of “one post with two responsibilities” in building the party’s moral integrity.



## **(2) Strengthening warning and education on the Party's moral integrity**

The Company maintained integrity warning and education on a monthly basis. Nearly 1,200 people, including the Directors and employees of the Company, were arranged to watch 12 anti-corruption warning and educational films; it held class on the Party's moral integrity, organized education and knowledge test on the Party's disciplines and regulations, moral integrity and honest practices; visited the Licheng District Party History Memorial Museum and the Licheng District Comprehensive and Strict Party Governance Warning Education Exhibition Hall to carry out on-site warning and education on the Party's moral integrity, and strictly implemented the pre-appointment integrity interview system for cadres.

## **(3) Strengthening supervision, discipline enforcement and inspection capabilities**

The Company persisted in utilizing the advantages of "comprehensive supervision" management, carried out regular supervision, discipline enforcement and inspection on operating entities, and found no violation of the spirit of the Eight-point Regulation of the Centre; focused on important festivals and periods of time, and handed out printed notices regarding anti-corruption during festivals; adhered to the practice of regular disciplinary inspection meeting, shared and interpreted Party disciplines and policies, requirements for clean Party conduct and cases of violations of disciplines, enhanced the duty-discharging ability to conduct supervision and inspection.

## **4. Paying attention to the protection of intellectual property rights**

The Company strictly abides by the Advertising Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other laws and regulations. Its product promotion and propaganda are done in line with relevant regulations. It uses relevant laws to protect its legitimate rights and interests. The Company respects and protects intellectual property rights, and uses authorized softwares and products within the scope stipulated by the contracts. It attaches importance to preventing the risks of infringing intellectual property rights in business development and management. No material intellectual property rights infringement was noted in the Reporting Period.

## **5. Strengthening the security management of funds**

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





## 6. Maintaining the information technology system security

Pursuant to regulatory requirements such as the Futures and Derivatives Law (《期貨和衍生品法》), the Administrative Regulations of Futures Trading (《期貨交易管理條例》) of the State Council of China, the Administrative Measures for the Supervision of Futures Companies (《期貨公司監督管理辦法》) and the Administrative Measures of Information Security Protection of the Securities and Futures Industry (《證券期貨業信息安全保障管理辦法》) of the CSRC, the Company has formulated internal control systems such as the Administrative Measures for Information System Safety (《信息系統安全管理辦法》), the Administrative Measures for the Safe on-line Trading (《網上交易安全管理辦法》), the Administrative Measures for the Protection of Investors' Personal Information Security (《投資者個人信息安全保護管理辦法》) and Emergency Plan for Network Security Incidents (《網絡安全事件應急預案》) to ensure the safe and stable operation of the Company's core business system and customer trading system.

## 7. Financial technology empowering digital transformation

The Company attaches great importance to using the information technology to push and support business development, actively promotes the implementation and application of financial technology based on the development concept of empowering business, improving management efficiency and supporting decision-making with financial technology; continuously improves the development and innovation capabilities to provide technical support for financial technology applications and digital transformation; and the Company has worked out mid- and long-term plans for information technology to set the development direction for financial technology and promote the actual application of financial technology.

## 8. Financial technology application results

Mobile sales hall and investment research center

- Based on innovative technologies such as face recognition and electronic signature, ZHONGTAI Futures Mobile Application ("APP") allows customers to get 12 types of services on-line such as account activation, password deletion, maintaining of settlement bank cards. These services are available on mobile phones and improved customer service experience.
- The investment research center enables online publication and subscription of research results such as research reports and investment strategies of the Company, providing customers with diversified services such as intelligent investment reference and dynamic market analysis. Risk ratings are issued to the Company's customers through the Company's transaction consulting reports. The investment research center focuses on the three elements of "customer, product and value", and establishes a personalised customer labelling system through the analysis of customer data to ultimately provide customers with accurate information.



Automatic operation and maintenance and RPA system construction

- The application of the automatic operation and maintenance system enables the automation and visualization of operation and maintenance management, and also improves the efficiency of operation and maintenance, greatly reduces the safety incidents caused by human misoperation, thus improving the overall operation and maintenance management capabilities, and strongly supporting the stable operation of the Company's information system.
- RPA technology (robot process automation), an important element of fintech artificial intelligence, is widely used in the Company's business processes, which not only improves the efficiency and quality of work and avoids human errors, but also achieves positive benefits in terms of both time efficiency and manpower investment, thereby improving the overall operational efficiency and customer satisfaction of the Company.

Middle platform of operation and big data construction

- The operation middle platform is a customer-centric uniform business middle-office system, which enables a uniform account, uniform operation, uniform process, uniform internal control, uniform approval, or the "five uniforms". It also effectively solves the business separation of the information system, achieves a high degree of unification and coordination of various services, and supports quick response to the actual needs of customers, thereby enhancing the business operation efficiency and improving service quality.
- The development of big data platform realizes visualization of data assets, improves the data sharing, provides more efficient and standard data interface support standards for various upper-level data queries, data analysis, etc. Through data management and establishment of business models, it enables the visual presentation of various types of business data, helps business managers to quickly and comprehensively understand various types of business data, improves the Company's business analysis and evaluation capabilities, and enhances the efficiency and accuracy of business decisions.





Construction of one platform with two APPs

- To improve the Company's marketing system service support and promote the digital transformation of marketing service system, the Company continuously facilitates the development of "one platform with two APPs". In the project of "one platform with two APPs", "one platform" refers to the comprehensive financial service management platform (CRM system), "two APPs" refer to the APP for customers and the APP for business process of employees. The APP for customers provides customers with comprehensive financial services, including futures account opening, mobile sales hall business processing, investment research information checking and other functions; the APP for employees is a mobile marketing service platform, which facilitates service staff to understand customers' situation, carry out targeted service tasks for key customers and improve business development efficiency. While continuing to promote CRM development, the Company continuously diversifies the application scenarios of "two APPs" based on customer needs and business requirements, and enables collaboration and interaction with the big data platform.

OTC Business Management System

- Since its launch, the OTC Business Management System independently developed by the Company has effectively supported the rapid development of OTC business through continuous iterations of the system, achieved favourable social and economic benefits, and gained extensive recognition from industrial customers. Through the continuous improvement of system functions, it has enabled the systematic and standardized operation of OTC business and enhanced market efficiency, and has now secured a leading position in the industry. The OTC Business Management System, which has its own intellectual property rights, won the third prize of the Financial Technology Development Award by the People's Bank of China and the 8th Securities and Futures Science and Technology Award – Outstanding.





## **9. Paying attention to the protection of investors' rights and interest and organizing various investor education activities**

Investor education is an important task for the protection of legitimate rights and interests of investors, and is also a fundamental task for the compliance and legal operation of futures companies. In 2022, the Company carried out in-depth investor education activities through a combination of online and offline approaches with the legitimate rights and interests of investors as the starting point for investor education efforts, and strived to provide better services to the investors by making investor education a long-term and fundamental task.

### **• Investor education activities**

The Company implemented the investor education arrangements of the regulatory authorities and organized propaganda activities such as 3.15, 5.15 and the "Month of Propaganda Against Illegal Trading of Securities and Futures" to fulfill its social responsibility and facilitate the high-quality development of the capital market.

### **• The special and innovative investor education activities gained great popularity**

The "Zhongtai Yellow River Investor Education", "Zhongtai Futures Wealth Management Ideas Sharing" activity, "Appreciate Your Support" crossover livestreaming activity, "Investor Education Bus" and other activities organized by the Company attracted 1.80 million participants.

### **• Rich and diverse works of the investor education base**

The Company's investor education base has created 384 pieces of original articles with pictures, produced 208 short videos, and held 181 investor education meetings with 204,000 audiences.

### **• Investor education in campus**

The Company has strengthened cooperation with universities, entered into university-enterprise cooperation agreements with Central University of Finance and Economics, Harbin Institute of Technology, Shandong Normal University, Shandong University of Finance and Economics, Shandong Technology and Business University, Qilu University of Technology and other universities to explore new modes of university-enterprise cooperation, and organized 69 online and offline activities such as courses for academic credit, futures knowledge promotion in campus, and presentation on Zhengzhou Commodity Exchange futures competition, which attracted 9,481 participants.



- **Investor education honours**

The paper cutout animation of “What is the Registration System” won a bronze award in the “Hello, Registration System!” short video competition by the China Securities Investor Services Center; the Company was nominated as the “Investor Education Pioneer of Zhengzhou Commodity Exchange” for the Beijing opera of “Empty City Scheme” against illegal fund-raising; and the original animation of “Shandong Cuisine and Futures Law” won the Excellent Works Award of “Songlin Cup” by Shanghai Futures Exchange.

In the future, the Company will implement the regulatory requirements for investor education and protection publicity with higher standards, give full play to the functions and roles of its investor education base, strengthen the innovation of investor education products, improve the coverage and influence of investor education in national education, and convert futures knowledge into rational investment concepts and abilities, so as to facilitate the sustainable and healthy development of China’s futures market.

## 10. Optimizing the customer service system to enhance customer satisfaction

The Company adheres to focus on satisfying customers’ needs. It optimized its supporting system for customer services, improved its customer service systems, and enhanced its customer services capability, optimized its business procedures and strengthened business innovation to provide diversified services to customers in line with customers’ needs and for the purpose of asset allocation.

The Company proactively promotes the transformation of Internet business, vigorously developed the application of financial technology in customer acquisition and service, and built an online customer service system; develops a customer service system in customers’ consultation, return visits and services. By prioritizing customer needs, it provides customers with high-quality services and solves customer problems in a timely manner. Through communication with customers, we constantly optimize the Company’s system and procedures to create a customer-centric service system.

Handled **22,194** customer phone calls

Paid **5,845** return visits to customers

Customer satisfaction rate reached **99.60%**



## IV. ENVIRONMENTAL

The Group is a low-energy-consumption financial enterprise with slight pollution. The main impacts on the environment in the ordinary course of business of the Group are the consumption of paper, electricity and water and the emission of automobile exhausts. In the daily operations, the Group strictly abides by relevant state environmental protection laws and regulations such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》). The Company pays close attention to the risks of climate change and advocates all employees to practice green operations to continuously reduce environmental impact and help China to achieve the goal of green, low-carbon and circular economy. During the Reporting Period, there was no environmental protection issue and related litigation.

### (I) Green Operation and Environmental Protection

With the increasingly severe impact of climate change, global warming and the frequent occurrence of abnormal weather, the Group has realised that it is a mandatory course and obligation for every enterprise to actively address climate risk issues. The Group actively guides all employees to practice energy saving and low carbon concepts to help address the global climate crisis.

The Group advocates green office, and actively adopts measures to reduce use of resources and energy consumption. The Group's use of resources mainly includes water consumption, electricity consumption and vehicles' gasoline consumption. The Group has implemented paperless electronic office procedures and systems, encouraging the use of double-sided printing to reduce the use of paper and saving office supplies. The Group has actively used video conferencing systems to reduce the number of business trips and made reasonable plans for business-purposed use of cars, maximizing resources conservation and building an environment-friendly enterprise. The Group designates property staff to inspect and turn off or turn down the night lighting system. Through the guidance and publicity of the Group, the employees of the Group actively adopted the electronic office processes and systems to deal with work matters in 2022. The Group also actively adopted teleconference or video conferencing to reduce unnecessary business trips.

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



## (II) 2022 Environmental Performance Indicators

Due to the availability and accuracy of data, the statistical scope of the environmental performance indicators in the Report include the Company's headquarters, Zhongtai Huirong Capital and Luzheng Information Technology<sup>1</sup>.

### 1. Emissions

Indicator	Unit	2022 data	2021 data
Total greenhouse gas emissions <sup>2</sup>	tonne	243.85	445.98
Per capita greenhouse gas emissions	tonne/person	0.65	1.34
Direct emissions (scope 1)	tonne	7.95	14.54
Total greenhouse gases generated by gasoline	tonne	7.95	14.54
Per capita greenhouse gases generated by gasoline	tonne/person	0.02	0.04
Indirect emissions (scope 2)	tonne	235.90	431.44
Total greenhouse gases generated by electricity consumption	tonne	235.90	431.44
Per capita greenhouse gases generated by electricity consumption	tonne/person	0.63	1.30
Generation of domestic sewage <sup>3</sup>	tonne	2,285.28	2,160.91
Per capita discharge of domestic sewage	tonne/person	6.09	6.49
Generation of hazardous wastes <sup>4</sup>	tonne	0.37	0.68
Per capita generation of hazardous wastes	tonne/person	0.0010	0.0020
Generation of non-hazardous wastes <sup>5</sup>	tonne	1.07	0.68
Per capita generation of non-hazardous wastes	tonne/person	0.0028	0.0020

<sup>1</sup> Based on the statistical scope, the total number of employees at the end of the Reporting Period was 375.

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

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

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

<sup>5</sup> It is mainly due to office-generated paper waste and subscribed newspapers.

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

## 2. Use of resources

Indicator	Unit	2022 data	2021 data
Direct energy consumption	liter	4,664	8,530
Gasoline consumption	liter	4,664	8,530
Per capita gasoline consumption	liter/person	12.44	25.62
Indirect energy consumption	kWh	924,897.84	892,693.62
Office electricity consumption	kWh	924,897.84	892,693.62
Per capita office electricity consumption	kWh/person	2,466.39	2,680.76
Total amount of office copying paper and newspaper	tonne	1.34	0.85
Per capita office copying paper and newspaper consumption	tonne/person	0.0036	0.0026
Water consumption <sup>6</sup>	tonne	2,688.56	2,542.25
Per capita water consumption	tonne/person	7.17	7.63
Cartridge consumption	piece	120	184
Per capita cartridge consumption	piece/person	0.32	0.55

<sup>6</sup> The water mainly comes from the municipal water supply, and there is no problem in sourcing suitable water.

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



### **(III) Practising Energy Saving and Emission Reduction by Attending Details**

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

The Group is actively creating a paperless office environment, whereby the office automation management system (OA system) is used to publish announcements and notices, disseminate the Company's news, communicate policies and regulations, share research reports as well as standardize business processes and intra-group mailings, greatly improving the management efficiency, reducing operating costs and saving lots of paper for printing office documents. The Group encourages the use of double-sided paper for copying and printing at work. Paper that has been used on one side should be reused and recycled; clearly required that when use of paper is unavoidable, recycled paper should be preferred and made full use. The Group also replaced disposable cups with glass cups with the logo of the Group.

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

The Group has slogans at prominent locations in washrooms and pantries of all departments and branches of the headquarters to promote environmental protection and water conservation for all employees. All departments and branches are required to designate specialized personnel to conduct regular inspections to prevent water wastage caused by equipment failure. In 2022, the Company had no excessive use and waste of water.





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

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

**V. SOCIAL**

**(I) Employment Management**

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





The Group formulates recruitment plans and recruits talents based on actual business needs and development requirements and in accordance with overall planning. The Group strictly verifies the identity documents, academic credentials and other information of the applicants to confirm whether the candidates are of legal age for employment and eliminate child labor, and rejects the applicants if they do not meet the employment requirements. The Group enters into labor contracts with all employees and regulates the remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other benefits and welfare of all positions, and is determined to prevent child labor and forced labor, which will be promptly dealt with in accordance with the requirements of laws and regulations once discovered. The Group is in strict compliance with labor regulatory requirements. The Group does not hire child labor and forced labor, and provides employees with reasonable holidays. During the Reporting Period, the Group had no non-compliance with labor standards such as hiring child labor and forced labor.

The Group attaches importance to effective two-way communication with its employees and conducts pre-departure interviews with all departing employees to learn more about the internal and external factors affecting the departure of employees, and strives to fundamentally improve potential management problems, enhance employee satisfaction and help employees grow together with the Company. During the Reporting Period, the Group's employee turnover rate was 15.09%, and the employee turnover rates by gender, age and region are as follows:

#### Employee turnover rate by gender:

Turnover rate of male employees	9.82%
Turnover rate of female employees	5.27%

#### Employee turnover rate by age:

Turnover rate of employees aged 30 and below	7.62%
Turnover rate of employees aged 31-50	7.33%
Turnover rate of employees aged above 50	0.15%

#### Employee turnover rate by region:

Turnover rate of employees in mainland China	15.09%
Turnover rate of employees in Hong Kong, Macau, Taiwan and abroad	0%

## 1. Employee employment performance indicators

	Indicator	Unit	2022 data	2021 data
<b>Total of employees<sup>1</sup></b>		person	735	625
By gender	Male	person	432	388
	Female	person	303	237
By employment type	Contract employee	person	735	625
	Others	person	0	0
By age group	Under 30 years	person	255	196
	31-35 years	person	193	188
	36-40 years	person	158	126
	41-45 years	person	66	57
	Over 45 years	person	63	58
By education level	Master's degree and above	person	197	155
	Undergraduate	person	471	412
	College degree and below	person	67	58
By region	Mainland China	person	735	625
	Hong Kong, Macau, Taiwan and abroad	person	0	0
Number of employment discrimination cases		case	0	0
Labor contract signing rate		%	100	100

<sup>1</sup> Calculation is based on the total number of employees of the Group.





## 2. Staff remuneration and benefits

The employee remuneration of the Group comprises basic salary, performance-based salary, bonus, regional grants, degree-based allowances, sales commission, grants for dispatched assignments, special allowances and insurance benefits. Basic salary is determined based on consolidated factors such as job duties, responsibilities, operation scale, salary offered by peers, the area where the business of the Group is located, as well as knowledge and experience of the employee. Performance-based salary and bonuses are floating compensation payable to various departments and employees based on the performance appraisal results. Sales commission aimed at motivating a salesperson to generate sales revenue for the Group.

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

## 3. Employee welfare assurance system

Basic benefits	<ul style="list-style-type: none"><li>• Pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund</li></ul>
Healthy and cares	<ul style="list-style-type: none"><li>• Employee mutual aid fund</li><li>• Caring on birthdays and festivals</li><li>• Themed educational activities</li><li>• Health checkup</li></ul>
Long-term insurance	<ul style="list-style-type: none"><li>• Company annuity plans</li></ul>

## 4. Vigorously nurturing and attracting financial talents

The Group explores a variety of recruitment cooperation methods to increase the introduction of talents. During the Reporting Period, the Company recruited 73 fresh graduates from domestic and overseas universities and 141 employees through public recruitment, making new breakthrough in the size of its workforce. Through the implementation of the enhanced “Three Ones” talent construction project, the Company has recruited a total of 136 sales and service employees for its branches, further expanding its professional talent team. The Company actively communicated with the talent service organizations at provincial and municipal levels, participated in the campus recruitment organized by these organizations, and strengthened the cooperation with universities. According to the social needs of combining production, studies and research, the Group was keen on receiving college students for training and practice for enhancing students’ practical ability and strengthening students’ competitiveness for employment. During the Reporting Period, the Group took in 69 college students for training and practice.



## **(II) Health and Safety**

The Group adheres to people-oriented approach, cares for the well-being and safety of employees, continuously optimizes employees' health protection mechanism, while earnestly implementing safety-related drills, education and training.

### **1. Caring for employees**

The Group organizes annual medical examination for employees at Grade III Class A hospitals, providing supplementary medical protection for all employees and ensuring the health of employees. In accordance with the Labor Law, the Social Insurance law and the requirements of local regulations in the PRC, the Group enters into labor contracts with its employees to establish labor relations in compliance with relevant laws and regulations, and makes full contributions to social insurance (pension insurance, medical insurance, unemployment insurance, work injury insurance and maternity insurance) and housing provident fund. It also establishes a corporate annuity system to further optimize the pension assurance system and improve the retirement benefits for employees. The Group fully protects the legitimate rights and interests of employees and strictly enforces statutory holidays and vacations in accordance with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) and relevant laws and regulations, including paid annual leave, leave of absence, sick leave, work injury leave, marriage leave, bereavement leave, maternity leave and paternity leave.

### **2. Safeguarding the health and safety of employees**

The Group earnestly implements instructions of the higher-level authorities about production safety, fully implements the principal responsibility of the Group's production safety, strengthened internal enterprise management and carried out safety and stability maintenance work to provide employees with a safe and healthy working environment. During the pandemic prevention and control period, the Group resolutely devoted to pandemic prevention and control, actively fulfilled its principal responsibilities. It adopted flexible office ways and maintained pandemic monitoring and disinfection of key areas, subject to financial security and safety of people. It adheres to the principle of "precaution comes first with active prevention", and established a sound system and improved measures to fulfil its responsibilities. It earnestly implemented the work approach on fire-fighting of "precaution comes first with a combination of prevention and fighting", and strengthened training of all employees on fire-fighting knowledge and management of internal fire-fighting facilities and equipment. It has formulated emergency response measures, held production safety emergency rescue drills and amended and constantly improved emergency plans. In accordance with the principles of "one post with two responsibility" and "territorial management", the Group comprehensively identified the stability risks by properly handling letters and visits, formulated a "zero report" reporting system and timely handled various kinds of emergencies to prevent incidents which affect social stability. It has also enhanced security and fire safety awareness of employees through organization of staff safety training and assessment methods. During the Reporting Period, the Group has not experienced any incidents involving information technology system, security and health and safety responsibilities.



### 3. Employee rights and interests performance indicators

Indicator	Unit	2022 data	2021 data	2020 data
Social insurance coverage ratio	%	100	100	100
Number of work-related fatalities	person	0	0	0
Ratio of work-related injuries	%	0	0	0
Lost days due to work-related injuries	day	0	0	0

### 4. Organizing various cultural and sports activities

In March 2022, the Company's trade union organized 200 female employees to carry out the campaign of "Women with Party Spirit Strive for New Achievements" to celebrate the "March 8" International Women's Day, mobilized and led the female employees to further demonstrate their new roles and responsibilities and continuously contribute female strength to promoting the development and growth of the Company.

In April 2022, in order to guarantee the implementation of the Company's reform and development strategy, better utilize the function of the trade union in promoting the development of the Company and give full play to the sense of responsibility and mission and initiative of the employees, the Company held a seminar on advanced experience in labor competition in 2021 to organize and mobilize the employees to actively participate in the new journey and break new ground.

In July 2022, the Company carried out party education activity. Mr. Zhong Jinlong, secretary to the Party Committee and chairman of the Board, together with nearly 50 senior and middle management staff of the Company, visited the Jinan Licheng Party History Education Museum for party history education.

In September 2022, the work of "A Lifetime of Keeping Secrets for the Country" by Comrade Kong Na of the Company won the first prize of "Excellent Storyteller on Keeping Secrets" in the "Sharing Stories on Keeping Secret" storytelling activity organized by the Office of Confidentiality Committee of the Shandong Provincial Party Committee and Shandong Provincial Bureau of State Secrets Protection.



In September 2022, the “Party Building + Investor Education” of the Company was selected as one of the “Top 100 Typical Cases of Party Building Work of Provincial State-owned Enterprises” by the State-owned Assets Supervision and Administration Commission of Shandong Province.

In November 2022, the Party committee of the Company organized members of the Party committee, members of the disciplinary committee, members of the management team, Party branch secretaries and persons in charge of various departments of the headquarters in Jinan to visit the Jinan Licheng District Comprehensive and Strict Party Governance Warning Education Exhibition Hall to carry out warning and education on the Party’s moral integrity in 2022.

In December 2022, the work of “Safeguarding the Country by Keeping Secrets” by Comrade Kong Na of the Company was recognized as the “Excellent Party Lesson of 2022” by the Organization Department of the Shandong Provincial Party Committee.



Launched the campaign of “Women with Party Spirit Strive for New Achievements” to celebrate the “March 8” International Women’s Day



### **(III) Development and Training**

The Group attaches importance to the diversified development of its employees, and has formulated employee training programs to empower its employees, improve their capabilities in their positions and enhance their professionalism. During the Reporting Period, the Company focused on building and nurturing talents, training mindsets and building a curriculum system to promote the construction of a study-oriented organization. Firstly, we conducted training on structural thinking for all employees, and organized seven sessions of “Professionalism Enhancement Training-Structural Thinking Online Training Camps” by adopting a focused pilot and batch approach to help employees of the Company form a rigorous structural thinking habit and mindset, effectively apply the same in their daily work, improve their professionalism and enhance organizational efficiency. Secondly, we organized a series of high-quality courses for all employees, such as the China Futures Association FDA Level 1 course and the ideological and political courses, and conducted knowledge competitions to test the learning effectiveness, improved the knowledge structure of employees, and formed an atmosphere of learning and growth in which everyone strives for excellence. Thirdly, we continued to develop the course system, strengthened training assessment, fully utilized the advantages of convenient and efficient learning platform, established the “wealth management business training system”, built 3 position-related training systems and 2 excellent experience sharing columns, produced 197 micro-courses, continuously improved and enriched the Company’s course system, and gradually realized systematic and standardized online learning. Fourthly, we conducted targeted and practical training projects and routine trainings. In particular, we organized training projects such as 2022 training for new branch office managers, 2022 special training for interview skills, and special training for the “Three Ones” talent development project, and organized 51 routine training sessions, covering topics such as the Party’s moral integrity, corruption-free practice, compliance and risk control, corporate system education, settlement, new futures products, research, wealth management, risk management and information technology. We also continued to expand the coverage of routine trainings to ensure that “the latest policies and business are understood as soon as possible”.

## 1. Employee training indicators

	Indicator	Unit	2022 data	2021 data
Percentage of trained employees by gender	Male	%	58.8	62.1
	Female	%	41.2	37.9
Percentage of trained employees by employee category	Senior management	%	1.4	2.1
	Middle management	%	11.2	13.7
	Entry level employees	%	87.4	84.2
Average number of training hours per employees by gender	Male	hours/person	90.36	28.6
	Female	hours/person	147.91	46.9
Average number of training hours per employees by employee category	Senior management	hours/person	24	24
	Middle management	hours/person	36	36
	Entry level employees	hours/person	48	48

## (IV) Supply Chain Management

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

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





## **(V) Active Participation in Rural Revitalization Services and Social Responsibility Works**

During the Reporting Period, the Group persisted in fulfilling its corporate social responsibility, actively responded to the initiative of the futures industry to comprehensively promote rural revitalization and contribute to common prosperity, and participated in the national strategy of rural revitalization with practical actions. During the assessment period of 2021-2022, the Group ranked fourth in the industry in terms of rural revitalization, and ranked sixth in the industry in the special assessment of “insurance + futures”. The Company won the “Best Rural Revitalization Service and Social Responsibility Public Welfare Award” by Futures Daily and Securities Times, and the “Excellent Project Award” – the “Insurance + Futures” pilot project of Zhengzhou Commodity Exchange.

### **1. Professional assistance**

During the Reporting Period, the Group carried out more than 100 “insurance + futures” projects in respect of 11 varieties such as pigs, corn and soybeans, underwriting physical commodities of approximately 260,000 tonnes. The Company donated RMB1.2575 million to six regions including Chabuchar Xibo Autonomous County in Xinjiang, Gyangze County in Tibet and Huachuan County in Heilongjiang to implement the “insurance + futures” professional assistance projects

### **2. Industrial assistance**

During the Reporting Period, the Company applied RMB0.78 million of industrial assistance funds to six rural revitalization places in Shandong Province including Shanghe County of Jinan City, Zhucheng of Weifang City and Jiaxiang County of Jining City, continuously contributing to new achievements in rural revitalization

### **3. Consumption-driven assistance**

During the Reporting Period, the Company purchased agricultural products of RMB1.0448 million from Huachuan County of Heilongjiang Province, Tongbai County of Henan Province and Taihu County of Anhui Province, all being former state-level poverty-stricken counties, and assisted local enterprises in establishing sales platforms by utilizing its technical advantages to promote rural revitalization through multiple measures.

### **4. Other assistance**

During the Reporting Period, in response to the national call, the Company employed one university graduate from Weining Yi, Hui, and Miao Autonomous County in Guizhou Province, a former state-level poverty-stricken county, based on the principle of voluntary employment, to support the employment of university graduates in rural revitalization places.

During the Reporting Period, the Group recruited and employed one disabled person from the former key registered poverty-stricken villages in Shandong Province to support the employment of disabled persons in rural revitalization places.

## VI. INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE INDICATORS

Major scopes, aspects, general disclosures and key performance indicators		Disclosure
Scope A: Environmental		
Aspect A1: Emissions		
General Disclosure		IV. (I) Green Operation and Environmental Protection IV. (II) 2022 Environmental Performance Indicators
A1.1	The types of emissions and respective emissions data	IV. (II) 2022 Environmental Performance Indicators
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	IV. (II) 2022 Environmental Performance Indicators
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	IV. (II) 2022 Environmental Performance Indicators
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	IV. (II) 2022 Environmental Performance Indicators
A1.5	Description of emissions target(s) set and steps taken to achieve them	IV. (II) 2022 Environmental Performance Indicators IV. (III) Practising Energy Saving and Emission Reduction by Attending Details
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	IV. (II) 2022 Environmental Performance Indicators IV. (III) Practising Energy Saving and Emission Reduction by Attending Details



Major scopes, aspects, general disclosures and key performance indicators		Disclosure
Aspect A2: Use of Resources		
General Disclosure		IV. (I) Green Operation and Environmental Protection IV. (II) 2022 Environmental Performance Indicators
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	IV. (II) 2022 Environmental Performance Indicators
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	IV. (II) 2022 Environmental Performance Indicators
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	IV. (II) 2022 Environmental Performance Indicators IV. (III) Practising Energy Saving and Emission Reduction by Attending Details
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	This indicator is not applicable as the Company operates in finance industry
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	This indicator is not applicable as the Company operates in finance industry





Major scopes, aspects, general disclosures and key performance indicators		Disclosure
Aspect A3: The Environment and Natural Resources		
General Disclosure		IV. (III) Practising Energy Saving and Emission Reduction by Attending Details
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	IV. (III) Practising Energy Saving and Emission Reduction by Attending Details
Aspect A4: Climate Change		
General Disclosure		IV. (I) Green Operation and Environmental Protection
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	IV. (I) Green Operation and Environmental Protection
Scope B: Social		
Aspect B1: Employment and Labour Practices		
General Disclosure		V. (I) Employment Management
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	V. (I) Employment Management
B1.2	Employee turnover rate by gender, age group and geographical region	V. (I) Employment Management
Aspect B2: Health and Safety		
General Disclosure		V. (II) Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	V. (II) Health and Safety
B2.2	Lost days due to work injury	V. (II) Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	V. (II) Health and Safety



Major scopes, aspects, general disclosures and key performance indicators		Disclosure
Aspect B3: Development and Training		
General Disclosure		V. (III) Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	V. (III) Development and Training
B3.2	The average training hours completed per employee by gender and employee category	V. (III) Development and Training
Aspect B4: Labor Standards		
General Disclosure		V. (I) Employment Management
B4.1	Description of measures to review employment practices to avoid child and forced labour	V. (I) Employment Management
B4.2	Description of steps taken to eliminate such practices when discovered	V. (I) Employment Management
Aspect B5: Supply Chain Management		
General Disclosure		V. (IV) Supply Chain Management
B5.1	Number of suppliers by geographical region	Not applicable
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	Not applicable
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Not applicable
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Not applicable



Major scopes, aspects, general disclosures and key performance indicators		Disclosure
Aspect B6: Product Responsibility		
General Disclosure		III. (II) Compliant and Stable Operation
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	This indicator is not applicable as the Company operates in finance industry
B6.2	Number of products and service related complaints received and how they are dealt with	III. (II) Compliant and Stable Operation
B6.3	Description of practices relating to observing and protecting intellectual property rights	III. (II) Compliant and Stable Operation
B6.4	Description of quality assurance process and recall procedures	This indicator is not applicable as the Company operates in finance industry
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	III. (II) Compliant and Stable Operation
Aspect B7: Anti-corruption		
General Disclosure		III. (II) Compliant and Stable Operation
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	III. (II) Compliant and Stable Operation
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	III. (II) Compliant and Stable Operation
B7.3	Description of anti-corruption training provided to directors and staff	III. (II) Compliant and Stable Operation





Major scopes, aspects, general disclosures and key performance indicators		Disclosure
Aspect B8: Community Investment		
General Disclosure		V. (V) Active Participation in Rural Revitalization Services and Social Responsibility Works
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	V. (V) Active Participation in Rural Revitalization Services and Social Responsibility Works
B8.2	Resources contributed (e.g. money or time) to the focus area	V. (V) Active Participation in Rural Revitalization Services and Social Responsibility Works



**ZHONGTAI FUTURES Company Limited**  
中泰期貨股份有限公司

