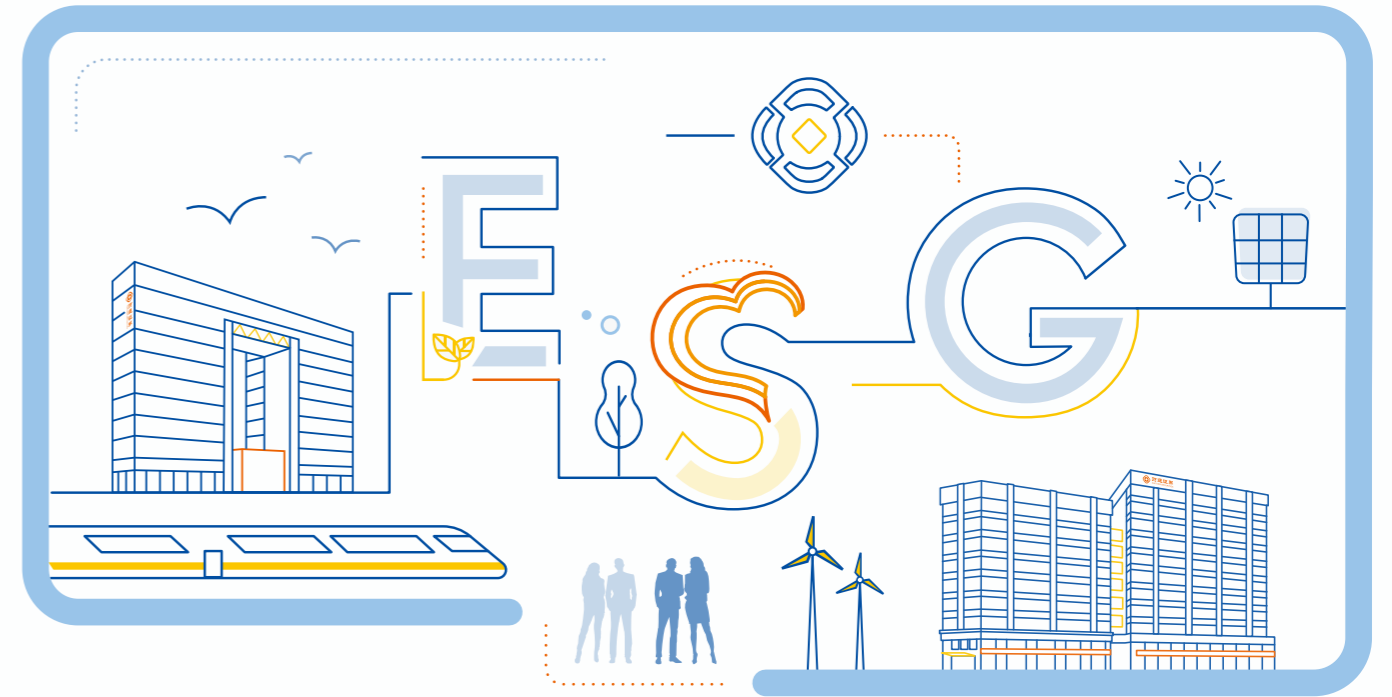


**Integrity, prosperity
and harmony**



2021 Caitong Securities
**Environmental, Social and
Governance (ESG) Report**



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Securities App

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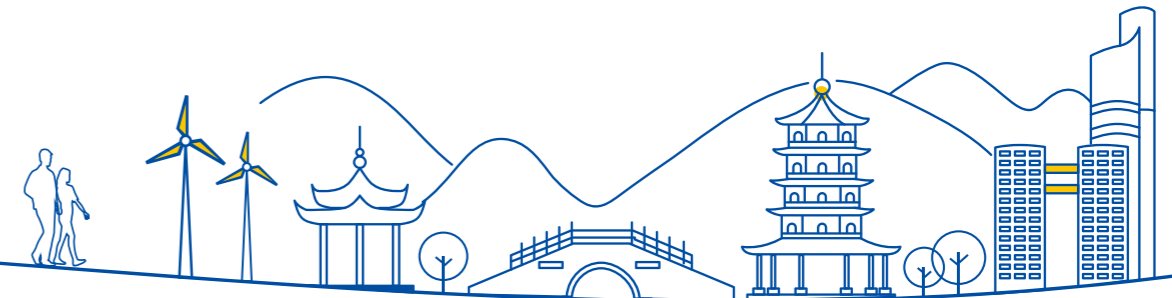
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Integrity, prosperity and harmony



ESG Statement from the Board of Directors

The year 2021 marked the 31st anniversary of the establishment of China's capital market. Facing the turbulent international situation and the lasting COVID-19 impacts, the Chinese capital market blazed a new trail through course change. As a result, the registration-based initial public offering (IPO) mechanism was promoted steadily, the Beijing Stock Exchange was officially opened, the number of A-share IPOs reached a record high, and the reform of the capital market ecosystem went further.

In 2021, the first year of the 14th Five-Year Plan period, Zhejiang acted as a pioneer in striving for the glorious mission of growing into a demonstration zone for common prosperity through high-quality development. As a securities trader under the Zhejiang provincial government, Caitong Securities always adhered to the corporate culture of integrity and harmony, put its customers first, stayed true to the original aspiration of providing financial services to boost economic development, and focused on fulfilling social responsibilities with professional competence. We continued to improve our ESG governance system and practiced the principles of responsible investment. We served the overall situation, empowered the real economy, deepened our commitment to the Zhejiang market, and kept deepening the development of "CDi-wisdom" included ESG in our group-wide strategies, business development, corporate culture, compliance and risk control and other aspects. Meanwhile, we made continuous efforts to promote sustainable finance, green finance, public welfare and the like. By doing so, we strove to create inclusive shared value for all stakeholders.

G We refined our governance system through innovation and reform.

In recent years, we have worked faster on the top-level design of our ESG management system. We established the Strategy and ESG Committee under the Board of Directors to develop the ESG governance structure and execution system. As an organ to make ESG-related decisions, the Strategy and ESG

Committee is responsible for identifying ESG opportunities and risks, formulating ESG strategies, goals and policies, and determining the materiality of ESG matters and incorporating them into business considerations. The Board of Supervisors is responsible for supervising ESG management. The Management is responsible for managing ESG work. We took ESG management as an important means to drive us forward and rooted it in our corporate culture and business development strategies.

E We strode toward green development with diligence and prudence.

In an active response to the call of the CPC Zhejiang Provincial Committee and the People's Government of Zhejiang Province, we provided financial support for the realization of the "carbon peak and carbon neutrality" goals and the implementation of the principle that "lucid waters and lush mountains are invaluable assets". We practiced value investment and responsible investment, intensified the studies on green finance, and expanded the value and coverage of green bonds. We supported the transformation and upgrading of the new energy industry, explored green asset securitization and other businesses, and issued asset management products based on ESG strategies. We channeled and promoted the flow of more funds into the investment and financing activities addressing climate change, and strengthened financial support for carbon peaking and carbon neutrality goals. We acted with frugality, deepened low-carbon operations, and reduced our own operational and business carbon emissions, to fully develop a green workstyle and lifestyle.

S We shouldered social responsibilities with the consistent commitment to our original aspirations.

We served the overall situation by actively engaging in high-quality economic development. We acted as the main force

for the "Phoenix Action" plan and the smooth financing project. We continued to deepen the "financial advisory system", and launched the innovative pilot project of establishing the demonstration zones of comprehensive financial services. By doing so, we tried to provide "Zhejiang experience" for supply-side reform in the financial sector. We made all-out efforts to support the key areas of inclusive finance. By initiating the inclusive wealth management project, giving one hundred public welfare lectures on investor education, making one hundred media reports on investor education, and setting up an investor education team of one hundred members, we empowered and supported the building of Zhejiang into a demonstration zone for common prosperity.

We developed a solid compliance and risk control system for compliant and prudent operations on all fronts. With the corporate culture of "giving priority to compliance and risk control and highlighting integrity and innovation", we kept building and refining our digital compliance and risk management system so that it could match our businesses and help us achieve operational goals. We implemented compliance culture in daily work, and organically integrated ESG risk control and business development to ensure our sustainability.

We took multiple measures to deliver positive energy to the society. We supported rural revitalization and consolidated the results of poverty alleviation by providing financial assistance, supporting industries and education, launching pro-consumption campaigns, and providing sympathy and support for people in difficulties. We established the Caitong Public Welfare Foundation, which relied on the systematic and standardized operation of the public welfare brand, "Kind Hearts", to mobilize all sectors of society to support public welfare and turn little contribution into great love for the society. In 2021, we deeply fulfilled our social responsibilities as a state-owned financial enterprise, continuing to support public education, medical and health care, cultural succession and other public welfare areas.

We deepened digital and intelligent reform through ever-increasing innovation.

We continued to support the digital and intelligent reform through technological empowerment. We stepped up the development of IT infrastructure, and deepened the research and application of cloud computing, big data and other technologies. Centering on customers and employees, we created "CDi-wisdom", a digital ecosystem covering wealth, investment banking, investment research, supervision, operations and management. Leveraging our FinTech advantages, we inspired business innovation, optimized customer experience, and facilitated background operations, to achieve better ESG management.

Looking back to 2021, we feel so blessed to have witnessed the thriving of the Chinese capital market; looking ahead to 2022, we still have a long way towards our original aspirations. In the current historical stage marked by major changes unseen in a century and by the solid promotion of common prosperity, we are fully aware that it is a long and tough road to develop sustainable green finance; we deeply understand that only with the consistent devotion and determination to practicing ESG concepts can we turn the blueprint into reality and turn our responsibilities into value. As a state-owned securities trader, Caitong Securities will shoulder the responsibilities of the times, identify and respond to the changes with wisdom and proper measures, and pursue reform with courage and perseverance. In doing so, we will keep working hard at full speed to set out for the new journey of development!

Highlights in 2021

Economic performance



Total assets
RMB **110.425** billion



Business income
RMB **6.408** billion



Basic earnings per share
0.71 RMB/share



Social contribution value per share
2.40 RMB

Environmental performance



GHG emissions per unit area
0.09 tCO₂e/m²



Power consumption per unit area
0.14 MWh/m²



Natural gas consumption per unit area
0.97 m³/m²



Water consumption per unit area
0.75 m³/m²

Note: The data on environmental performance covers the headquarters of Caitong Securities in Hangzhou, the headquarters of Caitong Securities Asset Management in Shanghai, the headquarters of Caitong Capital, the headquarters of Caitong Innovation, and the headquarters of Caitong (Hong Kong).

Social performance



Total number of employees
3,464 Person



Training hours per employee
120.08 Hours



Complaint handling rate
100 %



Customer satisfaction
93.47 %



Charity funds invested
RMB **24.1128** million

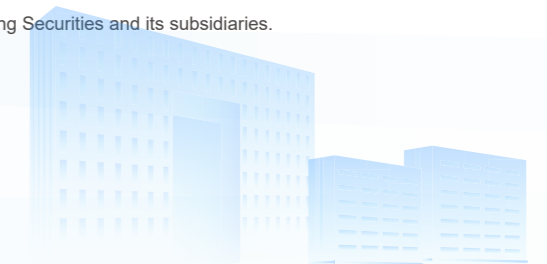


Volunteer service hours per employee
78 Hours

Note 1: The total number of employees, the training hours per employee and the volunteer service hours per employee covered the parent company of Caitong Securities.

Note 2: The data on complaint handling rate and customer satisfaction covered the headquarters of the parent company of Caitong Securities.

Note 3: The data on Charity funds invested covered the parent company of Caitong Securities and its subsidiaries.



About Caitong Securities

Company profile

Caitong Securities Co., Ltd. (“Caitong Securities” or “the Company”) is a characteristic comprehensive securities group headquartered in Hangzhou. Founded as Zhejiang Financial Securities Co., Ltd. in 1993, the Company was restructured into Caitong Securities Brokerage Co., Ltd. in June 2003, upgraded to a state-owned enterprise directly under the Zhejiang provincial government in June 2007, and listed on the Shanghai Stock Exchange in October 2017. As at December 31, 2021, the Company had total consolidated assets of RMB 110.425 billion, and net assets attributable to the parent company of RMB 25.205 billion.

With more than two decades of endeavor, the Company has grown into a fully-functional securities trader operating licensed businesses such as futures, funds, asset management, equity investment, and overseas services, and has laid a solid foundation for its group-oriented development.

Caitong Securities Main Businesses

- Securities brokerage/Futures brokerage
- Offshore brokerage (securities and futures)
- Securities margin trading/stock pledge financing
- Margin (Hong Kong)
- Securities research/Investment consultancy
- Securities asset management
- Futures asset management
- Securities investment funds
- Cross-border asset management
- Private equity funds



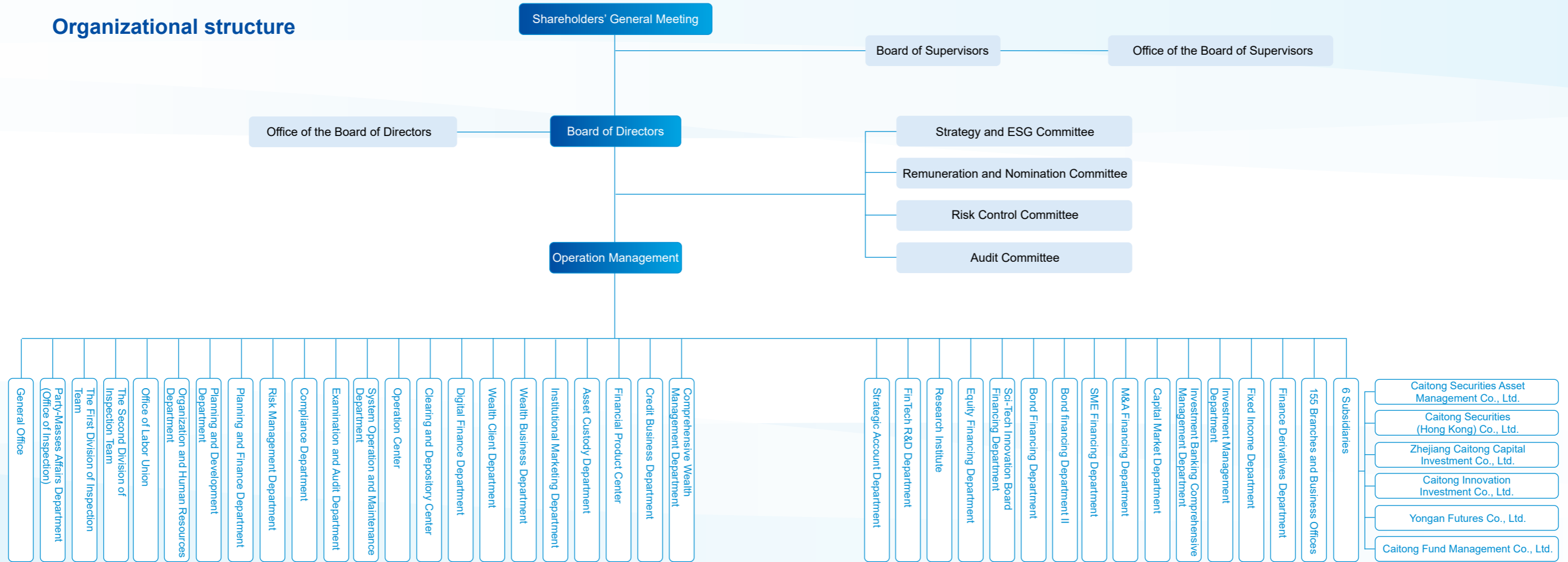
- Equity financing/Debt financing
- Financial consultancy/M&A
- NEEQ/Overseas services

- Equity investment
- Fixed-income investment
- Direct equity investment
- Market making services
- Alternative investment


Caitong Securities Group Structure




Organizational structure




Honors of Caitong Securities

 Award of Outstanding Contribution to the Smooth Financing Project of Zhejiang Province in 2020


The People's Government of Zhejiang Province

 Award of Service Innovation to the Smooth Financing Project of Zhejiang Province in 2020


The People's Government of Zhejiang Province

 The First Prize for Zhejiang-based Financial Institutions Supporting Local Economic and Social Development in 2020

The People's Government of Zhejiang Province

 2021 Golden Bull Broker Collective Asset Manager


China Securities Journal

 2021 Junding Award for Chinese Asset Managing Brokers


Securities Times

 Listed in the First Financial Holding Enterprise Rankings for Best Innovation


Zhejiang Provincial Financial Holding Enterprise Association

 Bond Business Progress Award


China Central Depository & Clearing Co., Ltd.

 The Refinancing Team Most Respected by Listed Companies

Securities Times

 2021 Junding Award for Chinese Equity Investment Teams

Securities Times

 2021 Junding Award for Chinese Fixed-income Investment Teams


Securities Times

 Outstanding CPPCC Members' Office (Work Station)

CPPCC Daily, and CPPCC News Network

 The Best New Brand

People's Daily | International Finance News

 Panorama Gold Award for Investor Relations (2020) - Award for Interactions with Small and Medium Investors


Panorama Network

 2021 Fixed-income Award for Chinese Brokers Asset Management


China Fund News

 An Excellent Active Managing Broker of 2021

21st Century Business Herald

 Listed in the 3rd Financial Rankings for Financial Service Innovation of the Year

Zhejiang TV Economic Life Channel

 "Jinyan Award" among the First Jinqiu Rankings for Being a Pioneer in Serving Zhejiang's Development

Financial Services Committee of Zhejiang(s) Entrepreneurs Association

 Excellent Case of Cultural Development in 2021

National Business Daily

Note: The winner of the awards above is Caitong Securities Asset Management.

 A Top 20 Most Valuable Brand among Chinese Listed Securities Companies in 2021

School of Economics and Management, Tsinghua University

Note: The winner of the awards above is Caitong Securities.





Strengthening ESG Management

- ESG concepts
- Communication with stakeholders and analysis of material topics



ESG concepts

Following the principle of “guiding the high-quality development of the Group with high-quality Party building”, Caitong Securities focuses on the vision of “deepening the commitment to the Zhejiang market, serving the country, and striving to be a first-class securities firm”. By playing the role of the Company’s party committee in charting the course, managing the overall situation, and ensuring sound implementation, the Company fully integrates Party building into its central work to guide development. Meanwhile, the Company motivates all of its Party organizations and Party members to struggle for the goals of building a first-class securities firm, serving the real economy, and assuming the responsibilities as a state-owned enterprise. In doing so, the Company maintains a solid stance that “finance serves the real economy”.

Under the leadership of Party building, the Company adheres to the consistent concept and mission of achieving both economic and social benefits. While pursuing its high-quality development, the Company considers the major concerns of all stakeholders, and commits itself to building a modern governance system and an environment-friendly ecosystem as well as demonstrating social responsibilities in the new era.



Communication with stakeholders and analysis of material topics

Communication with stakeholders

The Company attaches great importance to the effective communication with all stakeholders. It has established regular communication mechanisms with the stakeholders such as shareholders, investors, customers, employees, government and regulators, suppliers and partners, and the community. Their expectations and demands have been thoroughly understood and responded to, and their key concerns have been incorporated into daily operations and decision-making processes with a view to creating shared value.

Stakeholders	Concerns	Communication channels and methods
 Shareholders and investors	<ul style="list-style-type: none"> Corporate governance Compliant operation Risk management 	<ul style="list-style-type: none"> Shareholders' General Meeting Regular information disclosure Investor research and interaction Performance presentation meetings
 Customers	<ul style="list-style-type: none"> Customer service improvement Information security and privacy protection FinTech Serving the real economy Investor education 	<ul style="list-style-type: none"> Customer service hotline 95336 Caitong Securities App Customer satisfaction survey Construction of investor education bases
 Employees	<ul style="list-style-type: none"> Protection of employees' rights and interests Employee development and training Employee benefits Development of corporate culture 	<ul style="list-style-type: none"> The workers' congress "Talent Gathering" series training sessions Employee activities Care from Labor Unions "Caitong Day" activities
 Government and regulators	<ul style="list-style-type: none"> Corporate governance Compliant operation Risk management Serving the real economy Promoting inclusive finance Investor education Development of corporate culture 	<ul style="list-style-type: none"> Participation in government survey Enhancement of compliance risk control Implementation of the financial advisory system Building of investor education bases Advancement of industry culture
 Suppliers and partners	<ul style="list-style-type: none"> Supplier management 	<ul style="list-style-type: none"> Cooperation and communication Contract performance
 Communities	<ul style="list-style-type: none"> Rural revitalization Public benefits Green operation Investor education 	<ul style="list-style-type: none"> Volunteer services Public benefit activities Green office Green finance Construction of investor education bases

Identification and analysis of material topics

In 2021, the Company identified and disclosed in detail the material ESG topics crucial to itself and its stakeholders, based on the domestic and foreign policy trends, the work priorities of the securities industry, its own strategies and development vision, the expectations and demands of its stakeholders, as well as peer benchmarks, expert judgments and the like.

Analysis Process of Material Topics

Identification

- The Company deeply interpreted national policies and industry hot issues to identify the responsibility orientation in the securities industry.
- The Company identified 18 material topics based on the domestic and international policy standards and disclosure guidelines, as well as its operation situation and strategic focuses.

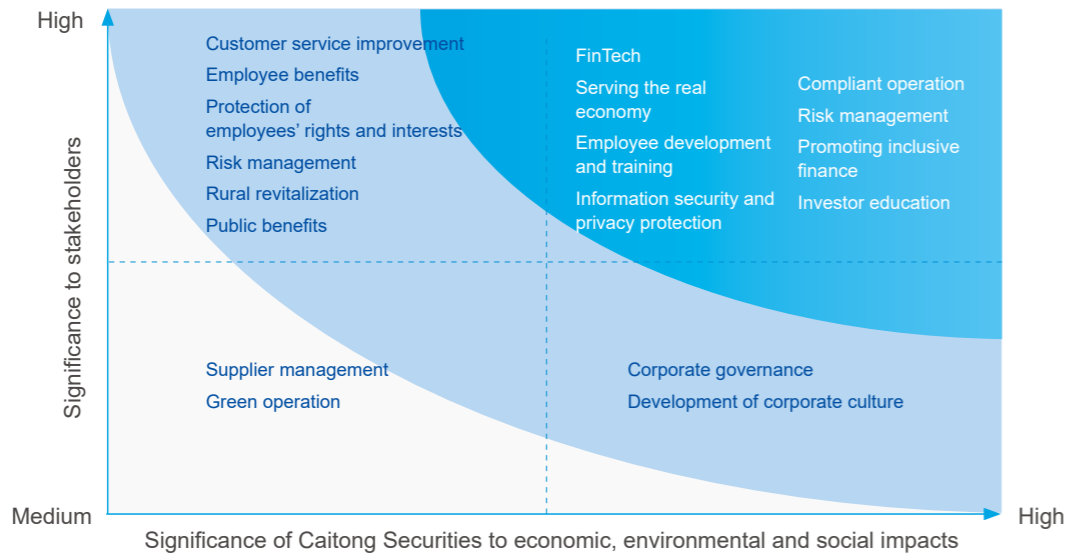
Evaluation

- Through departmental interviews, expert consultation and other means, the Company evaluated 18 topics from the dimensions of the significance to stakeholders and the significance of Caitong Securities to economic, environmental and social impacts.

Disclosure

- According to the evaluation results, the Company created a material topic matrix and disclosed the key topics identified in detail.

Material Topic Matrix





Topic

Promoting High-quality Economic and Social Development

- Supporting the building of the demonstration zone for common prosperity
- Helping Zhejiang become a pioneer province for socialist modernization
- Being a comprehensive financial service provider based in Zhejiang
- Speeding up the development of “CDi-wisdom”



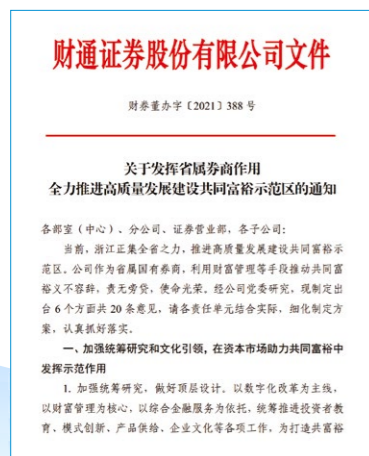
Supporting the building of the demonstration zone for common prosperity

Leveraging financial advantages to promote “common prosperity”

In June 2021, the CPC Central Committee and the State Council issued the *Opinions on Supporting the Building of Zhejiang into a Demonstration Zone for Common Prosperity through High-quality Development*, setting a glorious mission to pioneer the path towards common prosperity in Zhejiang and make the province a model for the country.

State-owned enterprises have a bounden duty to fulfill social responsibilities, and promoting common prosperity is the very starting point and focus of finance. Thus, Caitong Securities, a state-owned securities trader under the Zhejiang provincial government, is duty-bound to capitalize on wealth management and other means to promote common prosperity. In 2021, the Company took the lead in issuing *20 Measures to Promote the Building of Zhejiang into a Demonstration Zone for Common Prosperity through High-quality Development*. The 20 customer-focused measures covered six aspects of wealth management services, including top-level design, product planning and design, service standards, and ecosystem building. Through this issuance, the Company gave play to its professional financial advantages to help improve residents’ income from property.

Giving more people equal access to financial services, especially wealth management services, is an important means to promote common prosperity. It is specified in the *Opinions on Supporting the Building of Zhejiang into a Demonstration Zone for Common Prosperity through High-quality Development* that diversified financial investment products should be provided for residents. Thus, Caitong Securities focuses on people’s individual needs for investment and finance, and takes multiple measures to advance its inclusive wealth management project.



Notice on Giving Play to the Role of a Provincial Securities Trader to Promote the Building of Zhejiang into a Demonstration Zone for Common Prosperity through High-quality Development

Six Aspects Covered in the 20 Measures to Promote the Building of Zhejiang into a Demonstration Zone for Common Prosperity through High-quality Development

- ① To strengthen overall research and cultural leadership so as to play an exemplary role in leveraging the capital market to facilitate common prosperity
- ② To advocate a rational concept of wealth and improve investors’ financial literacy and risk prevention abilities
- ③ To fully implement the customer-centered concept and become a leading honest and innovative wealth manager
- ④ To develop targeted financial products to “expand the size of middle-income groups and “raise the earnings of low-income groups” for the goal of common prosperity
- ⑤ To build a comprehensive financial service model and a good financial ecosystem
- ⑥ To develop “CDI-wisdom” by relying on digital reform

Actively advancing the financial advisory system

In 2018, in order to comprehensively promote the supply-side reform in financial sector, Caitong Securities organized and worked with other Zhejiang-based financial institutions to establish the Financial Services Committee (“FSC”) of Zhejiang(s) Entrepreneurs Association and to develop the first financial advisory system in China. The Company returned to the original aspiration of providing financial services to boost economic development, and offered financial services that matched the needs of the real economy.

The financial advisory system features the “1 + N” service model. “1” refers to the financial advisors whose appointment contributes to the active exploration of the service relationship between financial talents and local governments and enterprises, as well as to the establishment of a mechanism for these talents to deeply communicate with local governments and enterprises. “N” refers to the numerous institutions where these financial advisors come from. The “1+N” chain model integrates the service capabilities of all Zhejiang-based financial institutions to develop smooth channels for local governments to serve entity enterprises.

Schematic diagram of the “1 + N” service model of the financial advisory system



The financial advisory system refers to a system where the employees from Zhejiang-based financial institutions, accounting firms, law firms, equity investment companies, relevant industry associations and other organizations use their professional knowledge and skills to provide local governments and enterprises with consulting services on financial planning, investment and financing, financial risk prevention and disposal, law, finance etc.

In May 2020, the Company had its pioneering “financial advisory system” included in the *Local Financial Regulations of Zhejiang Province*. From then on, the system began to be provincially promoted rather than locally piloted. In October 2021, the Company assisted the Zhejiang Provincial Bureau of Local Financial Supervision in formulating and issuing the *Guiding Opinions on Implementing the Financial Advisory System across the Province (for Trial Implementation)*, thus officially improving and refining this system. In addition, relying on the leading role of the FSC, the Company, together with other financial institutions, leveraged its professional capabilities to deliver tangible benefits and warmth to enterprises and the public. In particular, a series of financial activities was carried out to support Xinjiang.

By the end of 2021

the FSC had **86** members
more than **460** provincial and
municipal financial advisors

visited and served a total of **9,568**
enterprises

held more than **180** lectures and
training sessions for nearly 20,000
people

the FSC provided a total of
RMB **90.782** billion
credit funds for **1,941** enterprises

assisted **21** enterprises in obtaining
equity investments

raised a total of RMB **138.3** billion
funds for **203** enterprises through
bond issuance

helped **11** enterprises get listed

provided comprehensive insurance
schemes for **20** enterprises

provided financing guarantee
services for **60** enterprises

provided legal services for the
IPOs of **10** enterprises.

By the end of 2021

established a total of **18** financial
advisor offices

carried out more than **50**
campaigns actively participated by
107 financial advisors, and set up
the financial advisory service sites
in the counties and cities of the
province.

In 2021, the FSC organized provincial and municipal
financial advisor training sessions online and offline,
hired **209** new financial advisors.

held **2** enterprise-level financial advisor training sessions
helped **86** financial advisors pass relevant examinations
and obtained the financial advisor certifications.



Carrying out activities of “Financial Warmth—Financial Advisers’ Visits to Tianshan” to create a new model of financially supporting Xinjiang

In June 2021, together with Zhejiang Investment M&A Association, Zhejiang Rural Commercial Bank, Yongan Futures, Caitong Securities Asset Management and other institutions, the Company established a service group of more than 20 financial advisors to carry out the activities, “Financial Warmth—Financial Advisers’ Visits to Tianshan”. By organizing financial training sessions and financial projects as well as providing charitable donations, these financial advisors brought the financial resources of Zhejiang to the governments, enterprises and people in Aksu Prefecture and Aral, the First Division of the Xinjiang Production and Construction Corps.

Supporting Xinjiang through financial philosophy

- The financial advisor group held **13** forums and training sessions for a total of **300** people from local government departments, listed and to-be-listed companies.

Supporting Xinjiang through financial projects

- The financial advisor group provided “1 + N” integrated financial services. The FSC, Caitong Securities, Yongan Futures and other institutions established comprehensive strategic partnerships with the Command Center of Zhejiang Province for Providing Pairing Assistance for Xinjiang, Aksu Prefectural Administrative Commissioner and other local organizations. These financial institutions set up specialized advisory groups to provide integrated financial services for local governments, organizations and enterprises.
- The Company provided bond financing services for government organizations. In the coming five years, the Company will strive to raise RMB **10** billion for the government organizations in Aksu. In 2021, the Company assisted Aksu Region Green Industrial Development Co., Ltd. in issuing RMB **1** billion green bonds. Moreover, the Company, together with Caitong Securities Asset Management, invested RMB **250** million in Aksu Region Green Industrial Development Co., Ltd. at the lowest interest rate to help it reduce financing costs.
- The Company piloted the “insurance + futures” model for the advantageous products in Aksu, including the **8,600** mu of red dates planted by **1,547** local peasant households. During the epidemic period, the farmers were compensated more than RMB **1.5** million for income guarantee.

Supporting Xinjiang through public welfare

- The Company launched an online donation program themed on “learning Party history to develop the sense of responsibility”. This three-day program raised a total of RMB **82,000** which would be used for purchasing teaching and living equipment.
- In conjunction with Zhejiang Rural Commercial Bank, Yongan Futures and Caitong Securities Asset Management, the Company donated RMB **850,000** to the Qiming School (Special Education School) in Aksu for its improvement of teaching facilities.



Helping Zhejiang become a pioneer province for socialist modernization

Deeply implementing the “Phoenix Action” plan

In 2021, the People’s Government of Zhejiang Province issued the *Phoenix Action Plan (2021-2025) to Be Deeply Implemented to Promote High-quality Economic Development in Zhejiang Province*. The document pointed out that for the goal of raising the province’s financial power, the government should rely on M&A to boost the development of listed companies, to strengthen the industrial chain, to deepen the value chain, and to enhance the core competitiveness.

In an active response to the call of the CPC Zhejiang Provincial Committee and the People’s Government of Zhejiang Province, the Company extended its services to specific enterprises and did in-depth work to meet their needs. Through inter-institutional cooperation, business coordination and close services, the Company further improved its comprehensive service capabilities and business response efficiency, giving full play to its key role in the “Phoenix Action”.

Support for the listing of Zhejiang New Energy, the vanguard of green development towards “carbon peak and carbon neutrality” goals

In May 2021, acted as the exclusive sponsor and lead underwriter, Caitong Securities helped **Zhejiang Provincial New Energy Investment Group Co., Ltd.** (“Zhejiang New Energy”) raise a total of RMB 730 million for listing. Zhejiang New Energy is engaged in investing in, developing, constructing, operating and managing renewable energy projects such as hydroelectric, photovoltaic and wind power generation. It has become the first listed power company generating electricity from renewable energy in Zhejiang. As a major state-owned enterprise under the Zhejiang provincial government, Zhejiang New Energy got itself listed to actively respond to the local government’s “Phoenix Action” plan. By supporting this listing, Caitong Securities has made a new breakthrough towards the national carbon neutrality goals, and correctly understood and implemented green financial policies and sustainability concepts.

Sponsorship for the listing of Li Ziyuan on the main board of Shanghai Stock Exchange

In February 2021, Caitong Securities acted as the sponsor for the listing of **Zhejiang Lizi Yuan Food Co., Ltd.** (“Lizi Yuan”) on the main board of the Shanghai Stock Exchange (“SSE”), helping Lizi Yuan raise a total of RMB 776 million. Lizi Yuan is a leading developer, producer and seller of sweet milk beverages in China. This listing has helped Lizi Yuan to broaden its financing channels and improve its financing efficiency, and also facilitated the implementation of “Phoenix Action 2.0”.

“>> In 2021, the Company raised a total of RMB 70 billion for the first time, operated 5 IPO and refinancing projects, and won a good reputation from clients of exemplary state-owned listed companies such as Zhejiang Provincial New Energy Investment Group Co., Ltd. and Zhejiang Publishing & Media Co., Ltd.

“>> As at the end of 2021, the Company ranked 1 provincially in terms of the number of IPOs being reviewed by the Beijing Stock Exchange (“BSE”), and 19th nationally in terms of the total underwriting amount of corporate bonds and enterprise bonds.”

Comprehensively deepening the smooth financing project

Guided by the provincial requirements on the thorough implementation of the smooth financing project, the Company actively innovated financial instruments and improved the comprehensive efficiency of financial services for private small and micro enterprises, in a bid to open up the “last mile” of financing for them.

Support for the convertible bond listing of the private enterprise, Jintian Copper

In April 2021, Caitong Securities acted as the lead underwriter for the convertible bond listing of **Ningbo Jintian Copper (Group) Co., Ltd.** (“Jintian Copper”), helping Jintian Copper raise RMB 1.5 billion. The funds would be mainly used for the project of hot rolled copper strips, the project of high-strength, high-conductivity copper alloy bars and wires, the high-end copper-based new material project of Guangdong Jintian Copper, etc.

This project has helped Jintian Copper raise its production capacity, optimize its product structure, further stabilize its leading position in the industry, and maintain healthy development.

Participation in the directional add-issuance of the private enterprise, Biolight, to support its development

In December 2021, the Company assisted **Guangdong Biolight Meditech Co.,Ltd.** (“Biolight”) in obtaining the approval from the China Securities Regulatory Commission for the issuance of shares to specific objects. This issuance was planned to raise funds of not more than RMB 540 million. The funds would be mainly used for the “Project of Biolight Blood Purification Industrial Base and R&D Center”, the “Project of Marketing Network and Information Construction” and the “Supplementary Working Capital”. These projects would make Biolight more capable in developing and producing blood purification products, bring the Company’s scale and technological advantages into full play, and further promote its development in hemodialysis sector.

This cooperation served as a good example of how Caitong Securities provided thorough financial services for private enterprises to support the real economy.

Launch of the first exemplary “Caitong-Zhongnuo Factoring Phase 1 in 2020 - Zhuji State-owned Assets Supply Chain” ABS project in Shaoxing

In 2021, Caitong Securities Asset Management launched the “**Caitong-Zhongnuo Factoring Phase 1 in 2020 - Zhuji State-owned Assets Supply Chain**” ABS project, directly raising RMB 200 million at a very low cost for the ten private enterprises serving as the suppliers of the core debtor. As the first exemplary supply chain ABS project in Shaoxing, this launch has alleviated the financing problems of the ten private enterprises.

Working faster to lay out BSE-related businesses

In September 2021, the Beijing Stock Exchange (“BSE”) was formally established. The Company took advantage of the financial advisory system to provide SMEs (small and medium-sized enterprises) with professional full-process services of restructuring, listing recommendation, continuous supervision, public issuance on the selection layer, and listing transfer, as well as share transfer, market-making transactions, equity and debt financing, M&A, corporate financial consultancy and other services for NEEQ-listed enterprises.

“ **As of December 31, 2021, the Company carried out continuous supervision for 161 NEEQ-listed enterprises, ranking 10th nationally. Specifically, the Company carried out continuous supervision for 111 Zhejiang-based NEEQ-listed companies, ranking 1 in the province.** ”

Focusing on "specialization and innovation", Caitong Securities held mobilization meeting to support technologically advanced SMEs' listing on the BSE

In October 2021, to respond to the significant establishment of the BSE and efficiently promote the BSE-related businesses, Caitong Securities held a BSE-themed mobilization meeting through offline and online means, with approximately 400 people present on the site. At this meeting, the Company clearly stated that it would work faster to lay out BSE businesses and keep providing more accurate and considerate financial services for SMEs.

Worked from three aspects to provide professional support for innovative SMEs to list on the BSE



- Attached great importance to the linking role of the BSE in the capital market. Caitong Securities investment banking department strengthened business studies; its wealth business lines worked faster to launch new services and to carry out various investor education activities; the Group cooperated with branches to enhance training sessions and improve the employees' comprehensive business skills;



- Leveraged the geographical advantage of Zhejiang. As Zhejiang was filled with innovative SMEs and had the largest number of technologically advanced SMEs in China, Caitong Securities strengthened its BSE- and NEEQ-related businesses to support the Phoenix Action Plan 2.0;



- Relied on its digital and intelligent development results to improve the abilities and quality of providing differentiated, comprehensive financial services and carrying out risk prevention.



BSE-themed mobilization meeting



Relevant business departments attended the meeting

Being a comprehensive financial service provider based in Zhejiang

The Company actively practiced the strategy of "deep cultivation in Zhejiang" and fully implemented the version 2.0 of "deep ploughing Zhejiang", and kept innovating its comprehensive financial service model. Under the guidance of Zhejiang Financial Advisory Service Federation, the Company developed new market-oriented scenarios for the financial advisory system. In Jiande, Linping and Jiashan, the Company innovated the models of cooperation among local governments, financial institutions and enterprises and explored establishing the demonstration zones of comprehensive financial services.

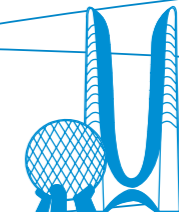
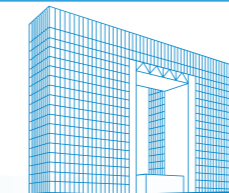
Official launch of the "Liping Demonstration Zone of Comprehensive Financial Services"

In January 2022, Zhejiang Financial Advisory Service Federation worked with the People's Government of Linping District, Hangzhou to officially launch the Linping Demonstration Zone of Comprehensive Financial Services. As the first of its kind at county (municipal/district) level in Zhejiang, this project will allow the market players in Linping District to enjoy the "comprehensive financial services" initiated by Caitong Securities, chairman of Zhejiang Financial Advisory Service Federation.

This demonstration zone will mainly serve the government, the capital market, small and micro enterprises and common prosperity. Through the establishing of this zone, the two sides strive to achieve the following goals for the "14th Five-Year Plan" period: to maintain an active financial ecosystem; to leverage social capital of more than RMB 50 billion with industrial funds; to get more than 35 enterprises listed; to significantly reduce the financing costs of small and micro enterprises and innovative high-tech ones, and to fully enhance residents' investment awareness and abilities.



Mobilization meeting for launching the Linping Demonstration Zone of Comprehensive Financial Services



Speeding up the development of “CDi-wisdom”

To further deepen the “No.1 Project” of digital economy and implement the guiding principles of Zhejiang Digital Reform Promotion Conference, the Company set “FinTech” as its development strategy. Based around the requirements of the reform conference, the Company made continuous efforts to develop FinTech, and arranged all-round work to promote digital reform.

The overall goal of Caitong’s digital reform is to develop “CDi-wisdom”. In 2021, the Company issued the *Digital Reform Plan of Caitong Securities for the 14th Five-Year Plan Period*. To support the development of “CDi-wisdom”, the Company planned to build a “1 + 6 + N” digital system focusing on the CDi-wisdom wealth, investment banking, supervision, investment research, operations and management.

“1 + 6 + N” digital system

1

· “Caitong Brain”, a digital platform featuring the “business+supervision” ecosystem, based on group-wide data, and serving as the bases for 308 projects.

6

· CDi-wisdom businesses in six fields: wealth management, investment bank, supervision, investment research, operations and management.

N

· “N” projects to be advanced based on the solid development of “Digital Zhejiang”, and “N” external platforms like the Internet and banks to be linked for the Company to seek new business opportunities for digital transformation.

Six business application systems



The primary results of six applications of CDi-wisdom

- Financial Service Kit Pangu ESOP platform
- “Zhanzhao” business execution platform
- “Qianlima” product center
- “Baozhen” bond investment system
- “Caiyiban” operation service system
- Employee kit • EasyGo

This digital platform was built based on the comprehensive needs of enterprises in their full life cycles and on the smooth chains of investment banking, wealth, banking and taxation. It provided enterprises with one-stop services such as equity incentive, exercise transaction and tax planning, enabling efficient online customer management.

“CDi-wisdom Wealth” featuring mobile business execution allowed front-line wealth consultants and customers to enjoy digital convenience.

This platform applied digital means to carry out product lifecycle management (PLM), including product screening, introduction, sales, operations and maintenance, in a bid to provide customers with the most suitable products.

This system enabled more accurate credit research and risk control based on big data and quantitative model analyses.

This system shortened the processing time for account opening from 2.5 hours to 17 minutes, thus providing better customer experience.

This platform used digital tools to facilitate employees’ reimbursement.





Building a Modern Governance System

- Consolidating the culture cornerstones
- Improving corporate governance
- Improving the compliance and risk control system
- Keeping good business ethics



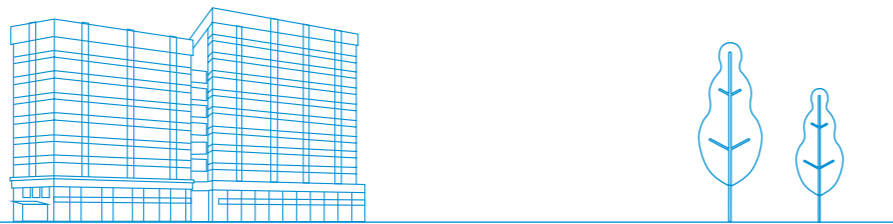
Consolidating the culture cornerstones

2021 was the year for the Chinese securities industry to develop its culture on all fronts. According to the overall arrangements of the China Securities Regulatory Commission (“CSRC”) as well as the *Ten Elements of Cultural Development in the Securities Industry and Evaluation Plan for Cultural Development Practices of Securities Companies* issued by the Securities Association of China, the Company gradually developed a corporate culture concept system centered on “integrity” and “harmony” and led by the industry culture of “compliance, integrity, professionalism and prudence”.

In 2021, the Company incorporated cultural development into its “14th Five-Year Plan” and articles of association, and established a targeted governance mechanism, where the Company’s Party Committee, the Board of Directors and the Board of Supervisors were responsible for leadership, decision-making and independent supervision, respectively. In addition, the Company issued the *Administrative Measures for the Development of Corporate Culture* and corporate culture evaluation plans, integrating corporate culture into its daily operation and management as well as into its training and assessment systems for employees at all levels. These efforts enabled the Company to promote cultural development in a systematic and standard mode.



In 2020, Caitong Securities was ranked 13th by the Securities Association of China among Chinese securities companies in terms of cultural development practices.



Caitong Securities corporate culture concept system

Integrity, prosperity, and harmony.

Reverence, gratitude, innovation, responsibility.

Eight points:

- ★ Create value for customers, seek happiness for employees, and take on responsibility for society.
- ★ Develop comprehensive businesses, take pioneering actions, and provide better services.
- ★ Give priority to compliance and risk control and highlight integrity and innovation.
- ★ Give it a shot rather than making hasty refusal.
- ★ Do not skip any problem or squander any opportunity to learn from experience.
- ★ Build platforms for doers and strivers.
- ★ Understanding makes things easy.
- ★ One Caitong, one home.

Corporate spirit

Corporate vision

Core values

Missions and goals

Business purpose

Cultural consensus

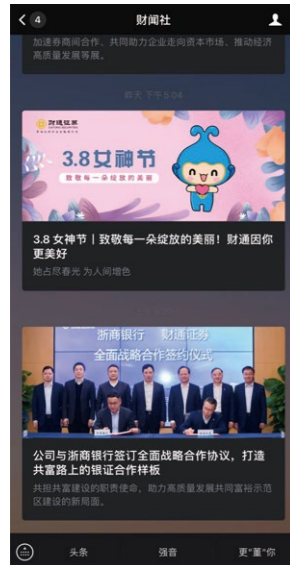
Deepen the commitment to Zhejiang market, serve the nation, and strive to be first-class.

To be a professional local investment bank which is more reliable, a wealth management expert who is more considerate, and a comprehensive financial service provider who understands you better.

To assume responsibilities, maintain competitiveness, and ensure belonging.

To pursue soundness and excellence through standardized, pragmatic and innovative operations.

By carrying out "Caitong Day" activities, setting up the platform of "Financial News Club", and compiling cultural development yearbooks, the Company further forged the cultural consensus of integrity, innovation, and professionalism among employees and made them feel more satisfied and belonged.



The corporate culture promotion platform, "Financial News Club"



2020 Yearbook of Caitong Cultural Development

Themed activities held the first "Caitong Day" in 2021

From October 22 to 24, 2021, Caitong Securities celebrated its first "Caitong Day", holding a series of activities to promote the deep and full integration of cultural development into its implementation of "14th Five-Year Plan" and businesses. The Company united its employees for better operational collaboration, gained more external recognition, and delivered positive financial energy.

"Caitong Day", a festival for all Caitong people, is set on October 24 every year. On the first "Caitong Day", with the theme of "integrity and harmony leading to a better future", Caitong Securities organized a "Cultural Carnival" for all employees and their families, sending them home letters to invite them to review Caitong's growth path together. In addition, the Company presented awards and paid respect to senior employees who had worked and grown together with Caitong for 10 years, 20 years and more, in gratitude for their and their families' contributions and persistence.



Caitong leaders inaugurated themed activities on the first "Caitong Day"

Themed activities held on the first "Caitong Day" in 2021



Improving corporate governance

Strengthening corporate governance

In strict accordance with documents such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Regulation on the Supervision and Administration of Securities Companies*, the *Rules for Governance of Securities Companies*, and the *Code of Corporate Governance for Listed Companies*, as well as the Articles of Association, the Company has developed a corporate governance structure where all departments perform their duties in a coordinated manner while supervising each other. By doing so, the Company has ensured its sound and standardized operation as well as sustainable development.





As the leadership and political core of the corporate governance structure, Caitong Securities Party Committee focused on charting the course, managing the overall situation, and promoting sound implementation. The Party Committee is committed to building a corporate governance mechanism where all departments perform their duties in a coordinated manner while supervising each other. The Party Committee supported the Shareholders' General Meetings, the Board of Directors, the Board of Supervisors, and the Management in exercising their powers by law.

“ The year 2021 saw the convening of **4 Shareholders' General Meetings**, **9 meetings of the Board of Directors**, **5 meetings of the Board of Supervisors**, and **14 meetings of specialized committees under the Board of Directors**. ”

Main work done to improve corporate governance in 2021

<p>Further enhanced standardized governance by rectifying issues found in the self-inspection amid the campaign to improve the governance of listed companies in 2021.</p>	<p>Further guaranteed the duty performance of the Board of Directors, the Board of Supervisors, and the Management by providing them with Directors & Officers Liability Insurances and organizing them to take annual training sessions on corporate governance, regulatory laws and rules, and performance assurance.</p>	<p>Further improved scientific decision-making capabilities by introducing an academic independent director specialize in financial risk prevention in 2021.</p>
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By the end of 2021, the Company had

 9 directors	 3 independent directors	 1 employee director	 1 female director
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Enhancing information disclosure

As required by relevant regulators, the Company disclosed information in an authentic, accurate, complete, concise, clear, and easy-to-understand way, and made continuous efforts to improve its information disclosure mechanism. The Company ensured investors' timely, accurate and equal access to information and safeguarded their legitimate rights and interests.

In 2021, the Company carefully fulfilled its information disclosure obligation as a listed company. In accordance with documents such as the *Administrative Measures for Information Disclosure of Listed Companies* issued by the CSRC, the Company compiled the *Information Disclosure Manual of Caitong Securities*, the *Administrative Measures for the Registration and Archival Filing of Insiders* and the like. Moreover, all subsidiaries and business departments of the Group arranged liaisons for major events, and provided these liaisons with relevant training every year.

“ The Company had been rated by the Shanghai Stock Exchange as the highest level “A” for information disclosure for three successive years from 2019 to 2021. ”

Promoting investor communication

Highly valuing communication with investors, the Company took practical actions to make such communication more effective, intensive and interactive.

In terms of daily communication, the Company relied on channels such as the investor hotline, online interactions, e-mails, on-site receptions, result briefing, roadshows, and the SSE E-interactive platform to strengthen its communication with investors and fully guarantee their rights to know its operation information.

In 2021, the SSE e-interactive platform response rate was 100%.


Briefing on 2021 semi-annual performance report held online

In September 2021, Caitong Securities held a briefing on 2021 semi-annual performance report online, communicating with investors at zero distance on topics such as the deeper commitment to the Zhejiang market, digital reform, wealth management transformation, investment banking, and rights issue. Through this briefing, the Company made its businesses and values better understood and recognized by investors.



Briefing on 2021 semi-annual performance report was held online

The briefing on the 2020 annual performance report was rated as an **excellent practice case** by the China Association for Public Companies.



In 2021, the Company won the **award for Interactions with Small and Medium Investors** from Panorama Network.



Improving the compliance and risk control system

Comprehensive risk management

Following the cultural concept of “giving priority to compliance and risk control and highlighting integrity and innovation”, the Company kept refining a comprehensive compliance and risk management system which focused on its operational goals and matched its businesses. In strict accordance with documents such as the *Company Law of the People’s Republic of China* and the *Standards for Comprehensive Risk Management of Securities Companies* and in consideration of its reality, the Company formulated the *Basic Risk Management System* and established a three-level risk management system as well as a risk management organizational structure with reasonable division of labor, clearly defined responsibilities, and clarified reporting relationships. All these were aimed to prevent and control various risks in business operations.


The risk management organizational structure



The Company continued to put more resources into risk management, using IT-empowered means to better identify, monitor, report and handle risks. In 2021, taking the opportunity of “digital reform”, the Company optimized the project cluster of the “group risk management platform”, and further strengthened the systematic integration of risks. By doing so, the Company aimed to create its own information system brand for risk management.


Valuing the publicity of risk management concepts, the Company launched activities to promote the development of a sound risk culture. In 2021, the Company carried out the campaign of “the Year for Improving Risk Awareness and Abilities”. A variety of activities such as the publicity of risk culture, training sessions on professional knowledge of risk management, and contests of risk management knowledge were rolled out in a steady stream to develop risk management talent teams.

Campaign of “the Year 2021 for Improving Risk Awareness and Abilities”



Publicity of risk culture

- Regularly held group-wide risk management training sessions to study frontier and hot topics on risk management and receive risk warning education.
- Carried out publicity activities themed on the cultural consensus of “giving priority to compliance and risk control first and highlighting integrity and innovation”.
- Saw that the leaders of business departments and business support departments, as well as the compliance management and risk management heads of subsidiaries fulfilled their responsibilities of publicizing risk culture through special lectures in their own units.



Learning of professional knowledge on risk management

- Push “Weekly Practices of Risk Control Knowledge” to all employees on a regular basis.
- Held online half-hour contests of risk control knowledge, with a total of more than 2,700 contestants involved.
- Established knowledge graphs and released lists of standardized work for front-line risk managers to learn about.
- Developed and launched series of courses related to risk management and introduced theme courses of “enhancement of risk awareness and abilities” on the Company’s learning platform to all employees.



The meeting themed on compliance and risk culture



The contest themed on “enhancement of risk awareness and abilities”

Compliance management

In accordance with documents such as the *Regulations on the Supervision and Administration of Securities Companies*, the *Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies*, and the *Guidelines for the Compliance Management of Securities Companies*, the Company formulated the *Basic Compliance Management System*, the *Integrity and Compliance Manual*, the *Measures for Compliance Inspection*, the *Measures for Compliance Accountability* and other rules. The Company reviewed, supervised and inspected the compliance of its business activities and employees' operational behaviors.

“The Company has been classified by the CSRC as an A-level securities company in Category A for seven consecutive years.”

In 2021, the Company arranged a total of 110 full-time compliance specialists, held 11 “Heguilexue” training sessions, gave lectures to 1,978 people, and organized all employees to participate in 2 online compliance tests.

Main compliance management work and results in 2021

<p>Development of Cdi-wisdom compliance</p>	<ul style="list-style-type: none"> Launched the “Cdi-wisdom Compliance” platform, established a compliance management center, a compliance resource center and a risk monitoring center, and developed three centers and a platform. Strengthened the early warning, prevention and tracking of compliance risks and reshaped the compliance work of branches through intelligent early warning and accurate prevention.
<p>Development of compliance culture</p>	<ul style="list-style-type: none"> Formulated the <i>Plan for the Development of Compliance Culture</i>, extracted the connotation of compliance culture from the four aspects of “building consensus, abiding by the fundamental principles, strengthening responsibilities and enhancing services”, focused on the efficient development of compliance culture, and actively carried out the publicity and training sessions on compliance culture. Created a WeChat official account, “window of compliance” to publicize compliance.
<p>Compliance management system</p>	<ul style="list-style-type: none"> Enhanced the mechanism for the management of compliance personnel, revised the <i>Measures for the Management of Compliance Personnel</i>, improved the team-based compliance management mechanism, and organized the capability evaluation and practical training for compliance personnel in 2021. Released the <i>Notice on Matters Regarding Deepening the Compliance Management of Subsidiaries and Companies Whose Shareholders Include Caitong Securities</i> to deepen the Group’s compliance management. Saw that leaders of all institutions fulfilled their compliance management responsibilities, implemented the dialogue mechanism between compliance directors and relevant employees, and had leaders of all departments sign the <i>Compliance Operation Commitment</i>.

Intellectual property protection

In strict accordance with the *Patent Law of the People’s Republic of China*, the *Copyright Law of the People’s Republic of China*, the *Trademark Law of the People’s Republic of China* and other laws and regulations, the Company protected its own intellectual property, and respected and avoided infringing on other people’s intellectual property rights.

The Company actively promoted the legalization of software, purchasing copyrighted software and consciously resisting pirated ones. In addition, for its business activities with owned intellectual property rights, the Company took active protective measures, such as applying for trademarks and software copyrights, and adding provisions to protect Source Code in software development contracts.

The Company issued the *Notice on Paying Attention to Copyright Issues of Image and Text on WeChat Official Account*. Through this issuance, the Company strengthened its management on the intellectual property rights of articles, images, fonts and other works, regulated the use of images and fonts on social media, and avoided the unauthorized reprinting and use of other people’s articles and works.

The compliance managers of all institutions conducted self-inspections on a quarterly basis, checking whether there were infringements in the information published by their We-Media (WeChat, Weibo, etc.) accounts, and incorporated the results into the quarterly compliance reports. In addition, the Company’s Compliance Department carried out random inspections. For any infringement found, the relevant entity would have a negative record in legal affairs management. At the end of the year, all negative records would be a basis for the deduction of compliance assessment points. For company losses caused by other We-Media infringements, the relevant entity would be held accountable as per the *Accountability Management System* and other regulations.

Keeping good business ethics

Anti-corruption

The Company actively created an atmosphere of integrity in practice. Through the theoretical and institutional means of establishing a sound responsibility mechanism, putting the eight-point decision on improving Party and government conduct into effect, deepening the rectification of issues found in supervision and inspection and the publicity of integrity culture, the Company developed a strong and effective great supervision system to strengthen employees’ awareness of self-discipline and integrity in practice.

In 2021, guided by the “14th Five-Year Plan” of the Company, the Company carried out the main task of digital transformation to advance “Cdi-wisdom supervision” and enable less workload, higher efficiency, and better synergy within the great supervision system.

In 2021, according to the relevant arrangements of the CPC Zhejiang Provincial Committee, the People’s Government of Zhejiang Province and other superior departments, the Company further deepened the building of a “corruption-free Caitong”. The Company made integrated efforts to ensure its employees had no boldness, capacity or willingness to be corrupt, thus creating a positive, honest, and efficient work atmosphere. The Company deeply responded to the campaigns of regulating the issues prominent in state-owned enterprise, requiring leaders and officials to work with integrity, promoting the full and strict governance over the Party in second- and third-tier institutions, and controlling overseas corruption. The Company drove all of its officials to further develop integrity in practice, use of authority, and personal and family life, in a bid to cultivate a good political and business environment. In 2021, there were no corruption lawsuits against the Company or its employees.

Key measures taken to develop the great supervision system in 2021

1

Studied and formulated a plan and a scheme based on the main task of digital transformation: the sub-plan for the great supervision system under the “14th Five-Year Plan” and the implementation plan for the digital reform of “Cdi-wisdom supervision”, with objectives and schedules set for the next phase of work.

2

Stepped up the digital transformation of the great supervision system and promoted the “Cdi-wisdom supervision” project.

- Around the goals of “one-screen supervision, one-click data access, immediate early warning and thorough control”, the “Tianmu” intelligent supervision platform was developed based on the three functions of sharing, profiling and coordination, to mainly address information sharing, authority approval, supervision and evaluation, departmental coordination and other problems and make supervision more efficient and accurate;
- The three middle platforms of audit, compliance and risk control were developed simultaneously, with the functions of “Cdi-wisdom supervision” enriched and the system refined.

3

Enhanced the internal coordination within the great supervision system and reduced the workload of primary-level workers.

- The annual supervision and inspection of all departments were taken into overall consideration based on the “up to one inspection” principle. A total of 69 specific units were under inspection, 14 matters were proposed for coordinated inspection, 23 repeated inspections were reduced. Thus, the supervision became more efficient.

The Company provided an email address for supervision and reporting on its OA platform, and employees could email relevant suspected violations of laws and regulations to this address. The Company strictly regulated the complaining and reporting process, timely found problems, and held relevant violators accountable.

The Company attached great importance to the development of integrity culture. By investigating and preventing against the risks of non-integrity in institutions and departments and at posts, carrying out training sessions on warning education, having employees sign the *Letters of Commitment to Integrity*, and publishing the *Journal of Anti-Corruption* and typical violations of industry regulations or discipline and laws, the Company created an atmosphere of integrity on all fronts, guiding employees towards a solid theoretical and moral awareness of integrity in practice.

The 31st Caitong Lecture held with the theme of “Warning Education on Integrity”

In September 2021, the Company held the 31st “Caitong Lecture” with the theme of “Warning Education on Integrity” by means of on-site and video conferencing, urging all employees to perform their duties of integrity in practice.



Anti-money laundering

The Company established a complete money laundering risk management system in strict accordance with the *Anti-money Laundering Law of the People’s Republic of China*, the *Measures on the Administration of Client Identity Identification and Materials and Transaction Recording of Financial Institutions*, and the *Measures for the Administration of Financial Institutions’ Reporting of High-Value Transactions and Suspicious Transactions* and other laws, regulations and regulatory requirements.

In 2021, the Company continued to carry out various internal and external anti-money laundering publicity. It pushed the information on the harm of money laundering crime via We-Media platforms, integrated anti-money laundering content into lectures, publicity meetings and customer exchange meetings, producing “micro-videos” on anti-money laundering. Throughout the year, the Company distributed a total of **11,789** copies of publicity materials to more than **200,000** people.

Main anti-money laundering work and results in 2021



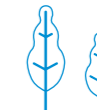
Improving relevant mechanisms

- **Expanded anti-money laundering leading groups**, further enhanced the effectiveness of their performance, and **reviewed a total of 13 anti-money laundering proposals** throughout the year.
- Strengthened the management on subsidiaries by establishing an **anti-money laundering work and reporting mechanism for them** and incorporating their anti-money laundering performance into assessment.
- By the end of 2021, **a total of 13 anti-money laundering internal control mechanisms** were established, including a basic one, a core one and 11 supporting ones.



Strengthening relevant systems

- Fully upgraded the suspicious transaction monitoring model, **and thus the suspicious early warning cases dropped by 41%.**
- **Launched brand new indicators** to classify customers’ money laundering risks in a more rational manner.
- Built a new, independent **anti-money laundering watchlist screening system**, optimized its screening matching logic, and enabled its full connection and real-time interaction with the business system.
- Strengthened the management of non-brokerage business, **and included custody and OTC (Over The Counter) derivatives customers in the anti-money laundering system for unified management.**





Creating an Environmentally Friendly Ecosystem

- Practicing the responsible investment concept
- Accelerating the development of green finance
- Sticking with green and low-carbon operation



Creating an Environmentally Friendly Ecosystem

Practicing the responsible investment concept

In 2021, the goal of "carbon peak and carbon neutrality" became an important guideline for China's economic and financial development, and the responsible investment gathered pace in China's capital market. Caitong Securities actively practiced the concept of responsible investment, and brought multiple factors (such as environment, society and corporate governance) into investment assessment and decision-making in the process of active management. The Company has established a relatively complete equity investment decision-making system, carried out the decision-making, authorization and management of investment business based on the five-level structure of investment decision-making, and promoted the investees companies to practice the ESG concept through the resource allocation effect of the capital market.

Investment decision-making structure of Caitong Securities



The first-level equity investment business of the Company was implemented by Caitong Innovation, a wholly-owned subsidiary. Private fund management business was implemented by Caitong Capital, a wholly-owned subsidiary. Subsidiaries Caitong Innovation and Caitong Capital set up teams specialized in investment, post-investment management and operation, which were mainly composed of professionals in related industries and persons in investment companies, securities companies, accounting firms and law firms. The investment targets were selected based on value investment.

The Company applied the ESG concept in the whole process of pre-investment project screening, investment due diligence, post-investment management and exit, and adopted positive screening, negative elimination and active shareholder method to make responsible investment, thus actively delivering positive environmental and social benefits.

ESG investment strategy of Caitong Securities

 <p>Positive screening method</p>	<ul style="list-style-type: none"> When choosing the racetrack and setting up the stock pool, the Company fully considered ESG-related factors, positively screened sectors and companies that were higher than average levels in terms of environment, society and corporate governance, and focused on target enterprises meeting the national development strategy and upholding green development concepts, such as those in intelligent manufacturing, information technology, medical and health care, carbon neutrality and new energy. Caitong Securities Asset Management, a subsidiary, actively paid attention to the development of and new changes in the field of technological innovation, and made layout at an appropriate time; and for investment in traditional energy industries (such as iron & steel, nonferrous metals and chemical), priority was given to the enterprises with sounder environmental protection management. Caitong Innovation, a subsidiary, gave priority to the enterprises with sounder environmental protection management and higher intelligence level in the field of intelligent manufacturing. For enterprises in the field of medical and health care, priority was given to those that solved practical problems concerning people's livelihood and promoted the development of social health.
 <p>Negative elimination method</p>	<ul style="list-style-type: none"> By making a negative list of investment, the Company excluded the enterprises that didn't create social benefits and was not in line with the sustainable development route. Caitong Innovation, a subsidiary, prudently invested in the enterprises that might have negative social effects by conducting all-round due diligence and making negative lists, and screened and analyzed the enterprises that had major pollution incidents or penalties, imperfect work safety management mechanism and many legal disputes with other companies and caused adverse social effects, and gave risk warnings.
 <p>ESG factor integration method</p>	<ul style="list-style-type: none"> Caitong Securities Asset Management, a subsidiary, fully integrated the ESG integration strategy into actual research analysis and investment decision-making, and guided researchers to comprehensively analyze ESG factors together with traditional financial indicators, comprehensively assessed industrial prosperity and individual stock growth potential, thus providing strong support for investment decision-making.
 <p>Active shareholder method</p>	<ul style="list-style-type: none"> Caitong Securities Asset Management, a subsidiary, actively participated in the corporate governance of investment targets in the capacity of shareholder. For example, through field survey, participating in voting at the Shareholders' Meeting and other methods, it strengthened communication with listed companies, paid attention to the Company's actions and measures in environment, society and corporate governance, so as to shore up insufficient disclosure of ESG-related data and asymmetric information of investee companies, and assist and urge listed companies to implement the ESG concept. Caitong Innovation, a subsidiary, further refined post-investment management, attached great importance to the modernization of governance and care for employees, and insisted on transmitting the ESG concept to the investee companies, thus empowering the enhancement of corporate governance.
 <p>Sustainability theme method</p>	<ul style="list-style-type: none"> The Company supported the green industry by investing in green bonds. In 2021, the Fixed-income Department of the Company held 11 green bonds, totaling RMB 710 million. In 2021, Caitong Securities Asset Management, a subsidiary, participated in responsible investment and green bond investment totaling about RMB 1 billion, and issued the ESG strategy product worth RMB 11.05 million and a new energy vehicle themed fund, which focused on green economy industries represented by new energy vehicles under the background of carbon reduction, and helped enterprises in photovoltaic, energy storage, lithium battery and other industries to pursue sustainable development.

Climate change has become one of the major crises threatening human survival and development. With the proposal of the goal of "achieving a peak in carbon dioxide emissions before 2030 and carbon neutrality before 2060", Caitong Securities Asset Management, a subsidiary, actively contributed to ecological development, comprehensively strengthened the research on risks and opportunities related to climate change, formulated appropriate management measures, and gradually established a climate change risk management framework.

Climate change risk management strategy of Caitong Securities Asset Management

Monitoring of public opinions

Caitong Securities Asset Management, a subsidiary, pushed a public opinion prompt email for holding targets every day to monitor climate changes. If the climate change risk of the investment targets had a great impact on the credit qualification of the subject, it would prompt relevant investment departments in time and make investment decisions (such as selling, warehouse-out and continuous holding) according to specific circumstances.

Investment analysis

Caitong Securities Asset Management, a subsidiary, actively paid attention to the risks related to climate change, and attached great importance to the positive actions of listed companies (such as cyclical companies and those at chemical upstream) in environmental protection and carbon emission reduction, kept close track of the changes and development of industries such as green electricity and new energy, and focused on whether there were potential risks in the transformation of listed companies. On the basis of closely tracking risks, researchers comprehensively assessed the impact of potential risks, adjusted the investment rating of the target in a timely manner, and the investment manager assessed the direction and impact degree according to the feedback from researchers, and then adjusted the holding ratio of the investment portfolio.

Issuance of ESG strategy products by Caitong Securities Asset Management

In December 2021, Caitong Securities Asset Management established **the No.1 Collective Asset Management Plan of Caitong Securities Asset Management ESG Bond**, amounting to RMB 11.05 million. The investment strategy of the product considered ESG risk factors. In the investment process, it not only paid attention to the return on investment, but also took into account the social impact of investment, including social fairness, economic development, human peace and environmental protection.

The Company set up a separate securities warehouse for the product, and required a statement on whether an investment target met the ESG investment strategy when it was put into warehouse. After the product was invested in the target company, the public opinion information was pushed by email every day for relevant departments to judge whether there was an ESG risk event triggering the threshold. If so, the investment manager would be informed in time and would sell the product without delay within the adjustment time limit stipulated in the contract, and the Research Department put it out of the warehouse.

Invest in Heda Technology to help build an IoT ecosystem chain of China's smart water affairs

In July 2021, **Zhejiang Heda Technology Co., Ltd.** (hereinafter referred to as "Heda Technology") invested by Caitong Capital was listed on the Science and Technology Innovation Board, raising total funds of RMB 335 million. Heda Technology is committed to improving the IT-application and smart technologies of the water industry by comprehensively using new-generation information technologies (such as IoT, big data and edge computing), and provides support for the water industry to implement the national water-saving action plan, prevent and control water pollution and improve services.

Caitong Capital invested in Heda Technology in November 2017, and provided financial support in the early stage of its development to help Heda Technology optimize its capital structure and accelerate its business expansion, thus enhancing its market competitiveness.

Caitong Innovation invested in Soaring Electric to boost the development of clean energy and energy saving technologies

Beijing Soaring Electric Technology Co., Ltd. (hereinafter referred to as "Soaring Electric") invested by Caitong Innovation, is an innovation-driven enterprise focusing on clean energy and energy-saving technologies in China, and its main business includes large-scale energy storage products and comprehensive solutions on the wind and light new energy power generation and power grid sides. As a key link in the development of renewable energy, the high-quality development of energy storage industry will strongly support the realization of the new national strategy of "carbon peak and carbon neutrality". After completing the investment, Caitong Innovation helped it conduct comprehensive market and industry analysis, optimize its strategic positioning and market layout, actively introduce upstream and downstream resources of the industry, and boost its develop and grow.

Accelerating the development of green finance

Low-carbon transformation and green development brought new development opportunities to the financial industry, and assigned unprecedented responsibilities to financial institutions. Caitong Securities actively responded to the requirements of national documents (such as the *Opinions on Completely, Accurately and Comprehensively Implementing New Development Concepts and Making Earnest Efforts in Carbon Peak and Carbon Neutrality and Guiding Opinions on Promoting Investment and Financing in Response to Climate Change*), and comprehensively leveraged green equity financing, green bond underwriting and green investment methods to provide investment and financing support for green and environmentally friendly enterprises in the fields of clean energy, energy transformation, energy conservation and environmental protection.

The Company attached great importance to ESG research, provided customers with ESG-related research services deeply covering many links in the industrial chain (such as photovoltaic, wind power, energy storage, hydrogen energy, third-generation semiconductors and new energy vehicles under the new energy segment), released the reports (such as *Photovoltaic Depth: Global Long-term Growth Space Opens and Chinese Manufacturing Leads Industry Development* and *Cathode Material Depth: Ternary Route is Leading, High Nickel is the General Trend*) to guide more investors to pay attention to new energy, and promoted sustainable social and economic development and the application of the ESG concept.

Successfully helped issue the first green subject corporate bond in Deqing County

On May 27, 2021, **Deqing County Culture & Tourism Development Group Co., Ltd., with Caitong Securities as the lead underwriter, successfully issued green corporate bonds in a non-public and bookkeeping way**, amounting to RMB 1 billion. The bond was the first green subject corporate bond in Deqing County, and the raised funds were specially used to support the development of green industries, including but not limited to the development, acquisition and operation of green industries and the repayment of loans related to green industries.

Caitong Securities assisted the issuer in completing the issuance of green bonds, laying a strong foundation for the development of green industries and the progress of culture & tourism in Deqing County.

Sticking with green and low-carbon operation

Energy and resource management

Caitong Securities was fully aware of the impact of climate change on the global economy, actively responded to national policies, and advocated low-carbon and environmentally friendly operation and working methods. By strengthening the management of energy conservation and emission reduction, adopting green office and building a green data center, the Company reduced energy consumption and greenhouse gas emissions in daily operation and contributed to the mitigation of climate change.

Energy and resource management measures of Caitong Securities



Energy Management

- The exterior wall of the office building in Hangzhou was made of energy-saving and environmental protection materials to reduce energy consumption. Energy-saving LED light was used for indoor lighting of the building. Solar photovoltaic panels were installed on the roof to convert solar energy into electrical energy.
- Indoor air conditioning temperature should not be lower than 26 °C in summer and higher than 20°C in winter, and the energy-saving mode should be enabled in public areas after work.



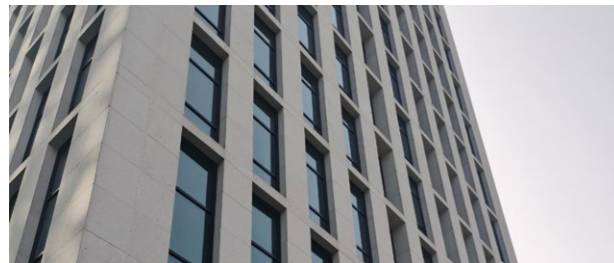
Saving Water Resources

- The water-saving mode was adopted, and water-saving signs were posted in public areas.
- The office building was equipped with a rainwater harvesting system, which can be used for vehicle cleaning and green plant irrigation.

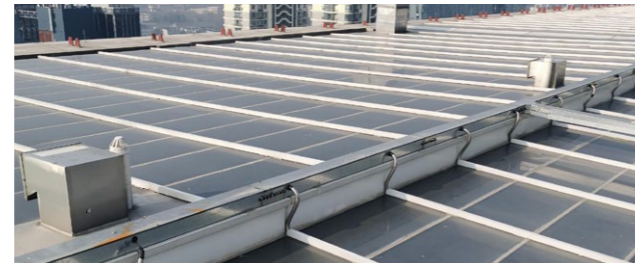


Paperless Operation

- All management and business lines of the Company realized digital management and paperless operation through information systems.
- Strict economy management was implemented for office and business publicity paper, which was controlled through cost management and use approval.



Exterior wall of for office building was made of energy-saving and environmental protection materials



Photovoltaic panels in office building

In terms of data center development, the Company had two data centers: Caitong Double Win Building Headquarters Data Center and Binjiang Local Data Center. According to the *Guiding Opinions on Strengthening the Construction of Green Data Centers* and other documents, the Company actively pushed forward the low-carbon transformation of data centers and reduced their energy consumption.

Built the first-class Binjiang Local Data Center to lay the foundation for digital reform

In 2021, the Company's Binjiang Local Data Center was officially put into operation. The new local data center was built according to the structure adapted to agile deployment to provide a more reliable operating environment, more efficient and secure network and security services, and more flexible and faster information technology resources to meet the needs of information technology development under the trend of corporate group management.

Energy conservation and emission reduction measures of Caitong Securities data center

- Vertiv precision variable frequency air conditioners were used for data centers, **which reduced energy consumption through the intelligent temperature control system.**
- **Non-enabled cabinets were installed with blind disks** to reduce overheating to avoid the "hot area" problem in the data centers and improve energy utilization.
- The professional team of IDC of China Unicom was engaged for infrastructure operation and maintenance. **Targeted measures were taken to improve the refrigeration effect of power and environmental equipment,** avoid the occurrence of "evaporation, emission, dripping and leakage" in data centers and reduce reactive power consumption.

Carrying out the publicity with the theme of "practicing economy and opposing waste"

To further reduce the impact of the Company's business and operation on the environment, in 2021, the Company carried out the publicity with the theme of "practicing economy and opposing waste", standardized employees' behavior from the aspects of civilized dining, optimizing canteen management, saving electricity and water, and strictly controlling office supplies and consumables, conveyed the green and low carbon concept.

In 2021, the Company published 17 articles on corporate and official WeChat accounts, disseminated strict economy requirements online and offline (such as exhibition boards and elevator carriage videos), and integrated such requirements into the daily work and life of employees.



以身作则 从我做起

- 🍴 **珍惜粮食** 实施光盘行动, 制止餐饮浪费
- 🚲 **低碳出行** 提倡共享交通, 实践低碳出行
- 💡 **节约用电** 勤通风少开机, 下班人离灯熄
- 🗂️ **精简会议** 会议精简举办, 培训高效合规
- 💧 **节约用水** "关注"哗哗流水, 珍惜点点滴滴
- 🏢 **合理展业** 展业务实有效, 杜绝公款吃喝
- 📄 **节约用纸** 文件双面打印, 践行二次利用
- 🧮 **精打细算** 倡导内部协作, 外聘精打细算

Waste Management

The main waste generated by the Company included harmless waste (such as kitchen waste, office paper, express delivery cartons and glass) and hazardous waste (such as electronic waste and toner cartridge). Office and domestic garbage was cleared and transported by the Company's property management company after uniform collection. The Company placed hazardous waste (such as electronic waste and toner cartridge) at fixed locations and regularly entrusted a qualified company to recycle and dispose of it.

In addition, for important core production system and equipment, the Company adopted the principle of "3-year warranty and out of service after 5-year operation". For equipment that had been in use for more than 5 years, well-configured equipment in normal condition would be used for testing simulation and other environment. For equipment that had been scrapped and could not be used any longer due to failure, available hard disk and memory would be reused as spare parts for repair and expansion of the equipment with expired warranty.

Supplier management

As a financial enterprise, the Company's suppliers were mainly engaged in the provision and service of information technology software and hardware, office supplies, facilities and equipment. The Company formulated the *Management Measures for the of Centralized Procurement of Caitong Securities Co., Ltd.*, stepped up supplier screening and classified management, and created a sound cooperative ecosystem for suppliers.

The Company upheld the principles of openness, fairness, impartiality, honesty, credit and benefit, and required the staff involved in procurement to consciously abide by the principle of confidentiality and relevant regulations. Procurement personnel and related personnel who had conflicts of interests with suppliers should remove themselves from the procurement. If they failed to do so, or if they accepted the property or other benefits of suppliers, the discipline inspection and supervision department would take the lead in the investigation, held relevant parties accountable and imposed disciplinary sanctions. If a supplier bribed or provided other illegitimate interests to the Company's procurement personnel, the Company would disqualify the supplier; and if losses were caused to the Company, the supplier should also bear compensation liabilities. The Company published information (such as telephone number, email address and letter address for procurement supervision) on its official website, and accepted public reporting and supervision on violations of laws and regulations such as illegal and false bidding and bribe acceptance.





Shouldering Responsibilities in the New Era

- Providing professional and high-quality services
- Valuing data security and privacy protection
- Strengthening investor protection
- Fulfilling social responsibilities
- Building a happy workplace



Providing professional and high-quality services

Caitong Securities remained customer-centric, and earnestly tracked and reported customer problems and needs while providing customers with diversified and multi-level products and service systems. To standardize the work relating to complaints and return visits, the Company established and improved the customer complaint and return visit system, formulated the *Customer Complaint and Dispute Settlement Policy* and *Policy for Return Visits to Investors*, and clarified the division of responsibilities, handling principles and procedures of departments and branches with respect to customer complaints and return visits, so as to effectively protect customers' rights and interests.

To further optimize customer service and improve customer satisfaction with service, the Company constantly explored the building of an intelligent customer service system to enhance customer service experience and satisfaction.

Caitong Securities took a range of measures to optimize customer service

Expanding consultation and complaint channels

Filing complaints at any point of contact The interactive module of complaint consultation service was added to the Company's two WeChat public accounts-"Caitong Securities Service" and "Caitong Investment Education", and supported intelligent robot service, manual consultation and "one-click" complaint function together with PC client and App.

A special customer service line was set for the elderly. In the Company's unified customer service hotline 95336, a special line was added for the elderly. At the same time, the customer service staff were trained in respect to the skills for communication with the elderly customers to enhance their experience of services. Since August 2021, more than 1,700 person-times of investors have been transferred through the special line for the elderly, accounting for about 3.3% of the total manual transfer.

Convenient business handling

More diversified business processing channels. The Company has installed VTM for 96 devices in 89 branches and supported 13 high-frequency services such as personal account opening. Mobile witness service was provided through IPAD, and 21 door-to-door businesses (including account opening and ChiNext Board authority activation) were handled for institutional and product customers.

Intelligent outbound call and quality inspection projects were officially launched. The application of existing return visits has been realized for intelligent outbound call scenarios, reducing more than 30,000 customers to which return visits would be made through manual call in that year. Intelligent quality inspection has been applied to the manual return visit scenario of new account opening, and the quality inspection proportion of such return visits has risen to 100%.

To further guard against return visit business and complaint handling risks, the Company actively carried out business training and regular business training for agents, organized special training for branches, and made two-way efforts to comprehensively improve the business capability of customer service personnel and customer satisfaction.

“ In 2021, the customer complaint handling rate stood at 100%, and customer satisfaction was 93.47%. ”

Valuing data security and privacy protection

The Company attached great importance to data security and customer privacy protection, and effectively protected the security of customer information and transactions in strict accordance with the *Data Security Law of the People's Republic of China*, *Personal Information Protection Law of the People's Republic of China* and other documents.

In 2021, the Company issued the *Data Security Management Measures of Caitong Securities Co., Ltd.*, conducted compliance inspection on the "Privacy Policy" of its official App, upgraded relevant customer information privacy protection function, and solemnly promised to customers that: The collection of personal information about customers follows the principles of legality, legitimacy and necessity, and no information unrelated to business will be collected nor will information be collected by improper means. At the same time, to ensure the operation and maintenance of key databases and the security of data access, the Company built a unified database security management and control platform, and comprehensively managed and controlled core data through measures such as authority control, data desensitization and behavior audit.

In 2021, there was no violation related to customer information or transaction security.



Conducting information security training

The Company made proactive publicity efforts in data security and privacy protection. In 2021, the Company organized the production of security training courses, and conducted education and publicity on data security and privacy protection for all of its employees through pushing information security publicity materials on WeChat, launching Cyber Security Week campaigns and other forms, so as to draw more attention of employees to data security.

Strengthening investor protection

The Company has created the characteristic brand of Caitong investor education through the investor education project and with the physical state-level investor education base as the support and 100 public welfare investor education activities themed on "New Stage, New Wealth and New Consumption" in Zhejiang Province as the carrier, promoted the improvement of national financial literacy and advanced the building of a new ecosystem of positive wealth.

Reinforcing the building of the investor education base and fostering a "one-stop investor education service site"

In 2021, the investor education base of Caitong Securities cooperated with business outlets and external institutions to carry out investor education activities through training, campaign and special lecture, including 139 investor education campaigns and knowledge lectures (such as industrial exchange and discussion, 3•15 laws and policies, 5•15 investor protection publicity day and preventing and cracking down on illegal activities). It served more than **28,400** investors and received **4,134** satisfaction questionnaires in total. The satisfaction rate reached **97.8%**.



Investor education base of Caitong Securities



Award certificate of National-level Investor Education Base

Since 2021, the investor education base of Caitong Securities has been awarded the titles of "**Zhejiang Financial Consumption Education Base**" by Zhejiang Consumer Council, "**Provincial-level Securities and Futures Investor Education Base**" by Zhejiang Office of CSRC and "**National-level Securities and Futures Investor Education Base**" by CSRC.

Jointly carrying out 100 public welfare campaigns for investor education themed on "New Stage, New Wealth and New Consumption" in Zhejiang Province

In March, 2021, the Company launched 100 public welfare campaigns for investor education themed on "New Stage, New Wealth and New Consumption" in Zhejiang Province. It focused on promoting three "100" action plans (setting up an investor education and publicity team of 100 members, conducting 100 public welfare lectures and conducting 100 public welfare campaigns) to protect the legitimate rights and interests of investors, especially those of small and medium-sized investors.

The Company set up an investor education and publicity team of **111** members, carried out **666** special campaigns covering nearly **110,000** investors, released **1,597** investor education and publicity articles online (investor education website) and offline (physical investor education base) with reading person-times exceeding **2** million, and spread the "voice" of knowledge, investment philosophy and risk warning to all corners of society.



100 public welfare campaigns for investor education were officially launched in Zhejiang Province

The Company actively implemented the work requirements of CSRC for incorporating investor education into the national education system, formed long-term cooperation with Zhejiang University, Zhejiang University of Technology, Jiaying University and other universities on investor education, made overall arrangements for investor education resources according to the actual needs of universities and the objective conditions of securities companies to help college students understand and master the concepts and theoretical knowledge of the securities market, carried out special activities to enhance the awareness of preventing illegal securities business activities, and helped improve national financial literacy.

Providing financial and consulting services to clients in Zhejiang Province and expanding its coverage in China, Caitong Securities launched thematic activities in Zhejiang University

Under the guidance of CSRC, the Company, in cooperation with Shanghai Stock Exchange, Zhejiang Office of CSRC and Zhejiang University, further promoted the "incorporation of investor education into the national education system".

In 2021, the Company set a compulsory course of **Frontier Financial Practice in cooperation** with Zhejiang University, and more than **160** students signed up for it, allowing the students of Zhejiang University to gain a close understanding of the history of China's capital market, stimulating the students' interest in in-depth exploration and research of the financial industry, and winning high praise of the students.



Frontier Financial Practice series of courses in Zhejiang University

In view of the weak spots of middle-aged and elderly community investors in basic wealth management knowledge and insufficient understanding of illegal securities activities, the Company regularly conducted lectures with the theme of "Neighborhood Classroom", established reasonable investment concepts, earnestly safeguarded the legitimate rights and interests of elderly investors in the information era, and helped Zhejiang build a demonstration zone for common prosperity.

Offering "Neighborhood Classroom" to earnestly safeguard the legitimate rights and interests of middle and old-aged investors

The Company continuously conducted "Neighborhood Classroom" activities with the themes of Double Ninth Festival, "Neighborhood's Day", "Lifelong Learning Week" of Shangcheng District in Meizhengqiao Community, Yuhuangshan Community and Baitaling Community around the investor education base, further took targeted measures to enhance the sense of gain and happiness of the elderly and "did practical work" for elderly investors.



"Neighborhood Classroom" activities of Neighborhood's Day in Yuhuangshan Community

Fulfilling social responsibilities

Quickening steps in rural revitalization

Since 2021, based on the *Opinions of the State Council of the CPC Central Committee on Realizing the Effective Connection between Consolidation and Expansion of Poverty Alleviation Achievements and Rural Revitalization*, the Company has Actively respond to the country's call to "realize the effective connection between consolidation and expansion of poverty alleviation achievements and rural revitalization" and "vigorously implement rural development initiatives", gave full play to the professional advantages and inclusive functions of financial institutions, and strove to depict a new picture of "common prosperity of Caitong"

“**The Company carried out rural revitalization assistance by providing financial, industrial, educational assistance, launching pro-consumption campaigns and providing sympathy and support for people in difficulties. In 2021, Caitong Securities and its participating and controlled subsidiaries invested RMB 10.39 million in rural revitalization.**”



"Common-prosperity Orchard" of Caitong Securities established by the Company



Appearance of Boutique B&B supported by the Company



Caitong Huanggang Primary School funded by the Company

Major work and achievements by Caitong Securities to promote rural revitalization in 2021

Providing financial assistance



- The Company actively supported the revitalization and development of old revolutionary base areas, and helped complete the financing of three single bonds, totaling RMB **2.045** billion.
- Caitong Securities Asset Management established and issued the asset-backed securities (ABS) project for "Caitong-Dinghai Heping Government-subsidized Housing", amounting to RMB **220** million. The funds raised were used for the construction of two resettlement house estates in Zhoushan. The project effectively ensured smooth resettlement of more than **1,200** households.

Supporting industries



- Implementing the initiative of "Thousands of Enterprises Pairing with Thousands of Villages". The Company invested RMB **500,000** in developing **150** mu of "Common-prosperity Orchard" of Citrus Paradisi at Xincun Village, Daqiaotou Township, Changshan County, Quzhou. The Company donated RMB **200,000** to Tatansi Village, Quhua Subdistrict, Kecheng District, Quzhou to support the construction of "Philanthropic Vegetable Garden" (research-education base).
- Deepening cooperation between the Eastern and the Western regions. The Company invested RMB **400,000** to improve production and domestic water supply and public transportation of Shuangmiao Village, Maduguan Town and Shaping Village, Baima Town, Xuanhan County. The Company donated RMB **600,000** to assist the Securities Association of Zhejiang with the bridge construction project of Tanglu Village, Nyima Town, Nyima County, Tibet.
- The Company implemented the action plan for increasing the income of low-income population. The Company invested RMB **500,000** to assist Leifeng Township, Tiantai County in developing "Caitong Forest" and Tea Expo and holding "Farmer Auditorium" themed on "rural revitalization and common prosperity".

Supporting education



- The Company supported education by holding the 5th online financial support training session, attended by more than **60** people including trainees from **6** counties (Jiange, Sichuan, Yugan, Jiangxi, Luquan, Yunnan, Gangu, Gansu, Changshan, Quzhou and Leifeng, Tiantai), officials of places for which subsidiaries gave pairing assistance and relevant entrepreneur representatives.

Launching pro-consumption campaigns



- The Company purchased mushroom worth RMB **573,500** from Luquan County, Yunnan.
- The Company purchased common-prosperity fruit and tea oil worth RMB **544,000** from Daqiaotou Township, Changshan County.
- The Public Welfare Foundation of Caitong Securities Asset Management in Zhejiang completed the purchase of "1mu Tea Garden" public welfare agricultural support project at Caiyuan Township, Suichang County, Zhejiang Province for 2022.

Providing sympathy and support for people in difficulties



- The Company carried out activities (such as care for the elderly, assistance for orphans and minors from special families, treatment of community-level people with difficulties and assistance for the disabled) to provide sympathy and support for people in difficulties in three counties (Gangu County, Gansu, and Jiange County and Xuanhan County Sichuan). In 2021, the Company greeted **90** people in total, amounting to RMB **95,000**.

The Public Welfare Foundation of Caitong Securities Asset Management in Zhejiang purchased "1 mu Tea Garden"

In December 2021, the Public Welfare Foundation of Caitong Securities Asset Management in Zhejiang teamed up with the Party Committee and government of Caiyuan Township, Suichang County, Zhejiang Province to purchase "1 mu Tea Garden" in public welfare program to support agriculture for 2022. The purchase funds of more than RMB 200,000 were used for targeted assistance in improving collective economy and villagers' life of Yongxing Village, Caiyuan Township, converting public welfare into an important force to help Zhejiang build the "demonstration area for common prosperity".



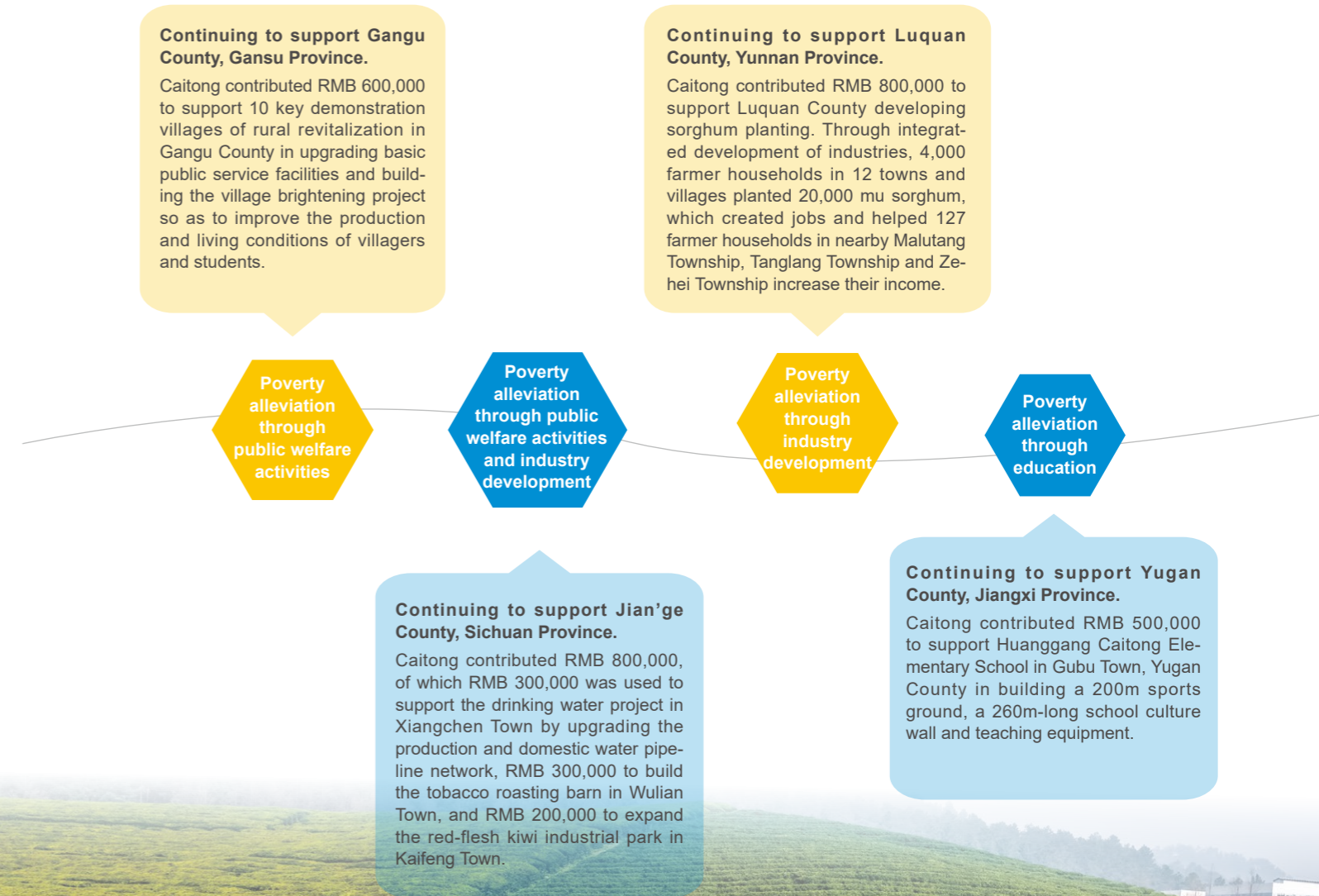
Real scene of "1 mu Tea Garden"

Tapping deep in "One Company for One County" pairing assistance

Caitong Securities actively leveraged its financial advantages, implemented the "One Company for One County" pairing assistance initiative of Securities Association of China, and practiced its social responsibility. By the end of 2021, the Company (including its subsidiaries) had successively signed assistance agreements with 54 villages in 25 townships (towns) in 27 counties across the country, with a total investment of nearly RMB 150 million, benefiting more than 230,000 people. All the paired townships had been lifted out of poverty.

Poverty alleviation is not the end point, but the starting point of new life and new endeavor. With continuous efforts on "One Company for One County" in 2021, the Company consolidated the poverty alleviation achievements in four counties (Luquan, Jiange, Yugan and Gangu), gave full play to expertise and advantages, and helped the areas to be lifted out of poverty achieve all-round development in industry, talent, culture, ecology and organization. In 2021, at the Company's group level (excluding subsidiaries), RMB 2.7 million was invested in pairing assistance.

"One Company for One County" pairing assistance achievements by Caitong Securities in 2021



Establishing a long-term mechanism for public welfare

A little kindness can warm people's heart. Through the standard operation of "Kindness Warms Heart" public welfare brand system, Caitong Securities mobilized all sectors of society to support public welfare, and pooled little love into great love for society. In 2021, the Company deeply fulfilled its social responsibilities, and continued to help public welfare in the fields of public education, medical and health care and cultural heritage, demonstrating its sense of mission as a state-owned financial enterprise.

“ In 2021, Caitong Securities and its participating and controlled subsidiaries allocated public welfare funds of RMB 13.7228 million. ”

Caitong Securities' public welfare activities and major achievements in 2021

Improving the learning and growth environment of students in poverty-stricken areas

- The Company donated RMB 300,000 to purchase full-color electronic screens, lights and other devices for Qiming School in Aksu, Xinjiang, improving teaching infrastructure in poverty-stricken areas.

Giving care for the living and medical conditions of disadvantaged groups

- The Company donated RMB 100,000 to Zhejiang Foundation for Disabled Persons, and provided help to special population through the public welfare activities of "Learning Party History, Feeling Party Grace and Giving Love to Disabled Children".
- Through Zhejiang Guofu Foundation, the Company donated RMB 1 million to the First Affiliated Hospital, Zhejiang University School of Medicine to support the public welfare project of helping liver transplantation for underage patients with congenital biliary atresia and end-stage liver disease from low-income families.

Supporting the infrastructure development of higher education institutions

- Through Hangzhou West Lake Education Foundation, the Company donated RMB 100 million (payment in 10 years) in total to West Lake University. RMB 10 million was donated in 2021 to support the development of West Lake University, providing support for the strategy of revitalizing the country by means of science and education and driving development through innovation.

Promoting the protection and inheritance of cultural heritage

- The Company continued to invest RMB 1 million to support Ancient Books Preservation and Conservation Association of China to carry out document restoration and protection, 2021 census of Chinese ancient books (volunteers) and the restoration and research projects of ancient Tibetan medicine books, so as to promote the basic work of ancient books protection.

Providing material and spiritual support for the front line of pandemic fight

- The Company donated protective clothing, foot covers, masks and other anti-pandemic materials worth RMB 50,000 to Shangyu Finance Bureau, and contributed to winning the battle against the pandemic.
- The Company purchased anti-pandemic materials worth RMB 83,000 for frontline pandemic prevention and control volunteers, medical personnel, sanitation workers and managers of first-tier cities.



The Company participated in the voluntary cultural service action of Chinese ancient books census



The Party branch of Qingdao Branch extended greetings to the frontline staff of pandemic prevention and control



The fleet transporting the materials donated by the Company to Huanggang Primary School

Caitong Securities not only paid attention to its public welfare activities, but also actively called on all employees to contribute their love to the society. In 2021, the Company instructed more than 20 league organizations to carry out volunteer service activities for more than 60 times, serving more than 17,000 people. The Company constantly advanced the "Three-hour" public welfare volunteer platform, developed "Philanthropic Caitong•Public Welfare Three-hour" Initiative with the help of Alibaba's "Three-hour Public Welfare" platform, built a network mobilization system with activity release and volunteer recruitment as its core function, encouraged employees to actively participate in various public welfare activities released by the platform, and actively advocated the concept of "gather love to warm you, me and him".

In 2021, the Company organized all employees to actively participate in the "Charity Day Donation" activity with the theme of "Pooling Forces of Caitong to Boost Common Prosperity". The funds of RMB 733,000 raised were used to help build the "demonstration area for common prosperity".



Building a happy workplace

Safeguarding the rights and interests of employees

The Company paid attention to the introduction of outstanding talents, made differentiated recruiting plans for talents, and moved ahead with the recruitment in an orderly manner through various channels such as Caitong Securities' official website and external recruitment platform.

Employee recruitment and achievements of Caitong Securities in 2021



Identifying demand and developing a talent pool

- In early 2021, the Company conducted surveys on the recruitment demand of each organization, and forecasted annual recruitment demand based on business scale, industrial trends and division of labor as well as industrial benchmarking data and its YoY (Year over Year) staffing ratio. **In 2021, 985 people were recruited and reported to duty on a cumulative basis.**
- In 2021, the Company benchmarked against its peers ranked front in the relevant field or region, **integrated platform resources and developed an external talent pool.**



Retaining excellent graduates in advance

- The Company introduced talents through the **"Elite Program" management trainee project**, with the aim of cultivating and developing professionals and elites with proficient business skills, comprehensive ability and upward mobility for its investment banking, investment research, financial technology, wealth management and professional function lines.
- Internship and campus recruitment in autumn was combined.** During the internship, the Company provided interns with coaches responsible for attendance records, work goal setting, internship performance investigation and problem solving. In principle, the coaches of the internship department should be the managers at the primary level and above of the Company.
- In 2021, **100 management trainees recruited through the "Elite Program" reported to duty on a cumulative basis**, including 57 to the headquarter and 43 to branches.



Introducing high-caliber talents

- In 2021, to cater to the strategic development needs, the Company studied and implemented its high-caliber talent demand and introduction plan, took active and targeted measures to attract or invite external high-caliber talents and leading experts to talk with its leaders, and established a **regular mechanism for talent communication and exchange.**

Deepening university-enterprise cooperation and inviting students from Zhejiang University to Caitong Securities

In 2021, Caitong Securities and the School of Economics of Zhejiang University jointly conducted the enterprise open day activity. The Company invited students from Zhejiang University to experience its corporate culture and working atmosphere and understand its business types and historical evolution, and expedited the "Elite Program" management trainee project.



Students from Zhejiang University entered Caitong Securities



In the process of talent introduction, Caitong Securities always upheld the concept of diversity and the principle of gender equality. It was strictly forbidden to screen and restrict employees in terms of gender, race and nationality. Caitong Securities was committed to providing employees with equal and impartial working environment and development platform to ensure that all employees enjoy fair work opportunities. The Company signed labor contracts with employees in strict accordance with the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China*, *Law of the People's Republic of China on the Protection of Rights and Interests of Women*, *Provisions on the Prohibition of Using Child Labor* and other documents. It is set forth in the *Management Measures for Recruitment and Employment of Employees of Caitong Securities*, open recruitment shall be in compliance with fair competition and merit-based employment principles, the Company strictly prohibits the employment of child, compulsory and forced labor, strictly verifies the identity of employees, and regularly checks labor intensity and evaluates issues concerning human right policies.

“ **In 2021, the Company hired 23 ethnic minority employees. By the end of 2021, the Company had 65 ethnic minority employees and 1 veteran.** ”

Employee remuneration and performance evaluation

The Company strictly abided by the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China* and other laws and regulations, formulated and implemented the *Implementation Rules for Employee Performance Evaluation*, the *Management Measures for the Class of Employees in the Middle and Back Offices of Headquarters (Provisional)* and other rules, and established a sound remuneration and evaluation system.

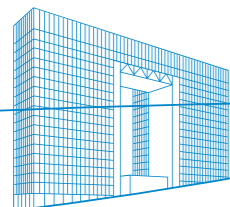
The Company adjusted remuneration from time to time according to its market positioning and development strategy. It scientifically designed the remunerations of employees at all levels (including community-level employees and non-sales personnel) according to its current situation, determined the shape of employee remuneration curve, established a standardized and effective class-based remuneration management mechanism to make the remuneration of employees more market-based, and continuously optimized the performance incentive mechanism combining short-term and long-term, and security and incentive.

Guided by high performance, the Company gradually established a scientific and effective employee performance evaluation system, and regularly evaluated the performance of all employees every year. Through reasonable evaluation of value contribution by employees, it stimulated employee potential, facilitated employee career growth and development, and realized continuous value addition of human resources. The Company organically combined personal goals of employees, its overall strategic goals, annual business plan and the building of corporate culture, adopted compulsory distribution of employee evaluation and continuously stepped up the feedback of evaluation results, promoted the improvement of employee performance, and formed a virtuous circle of continuous growth. The Company clarified its evaluation appeal mechanism. If employees disagreed with the fairness and impartiality of annual evaluation and the evaluation results, they could lodge an appeal with the Company's Organization and Human Resources Department or discipline inspection and supervision department.

Establishing a reward system for model employees

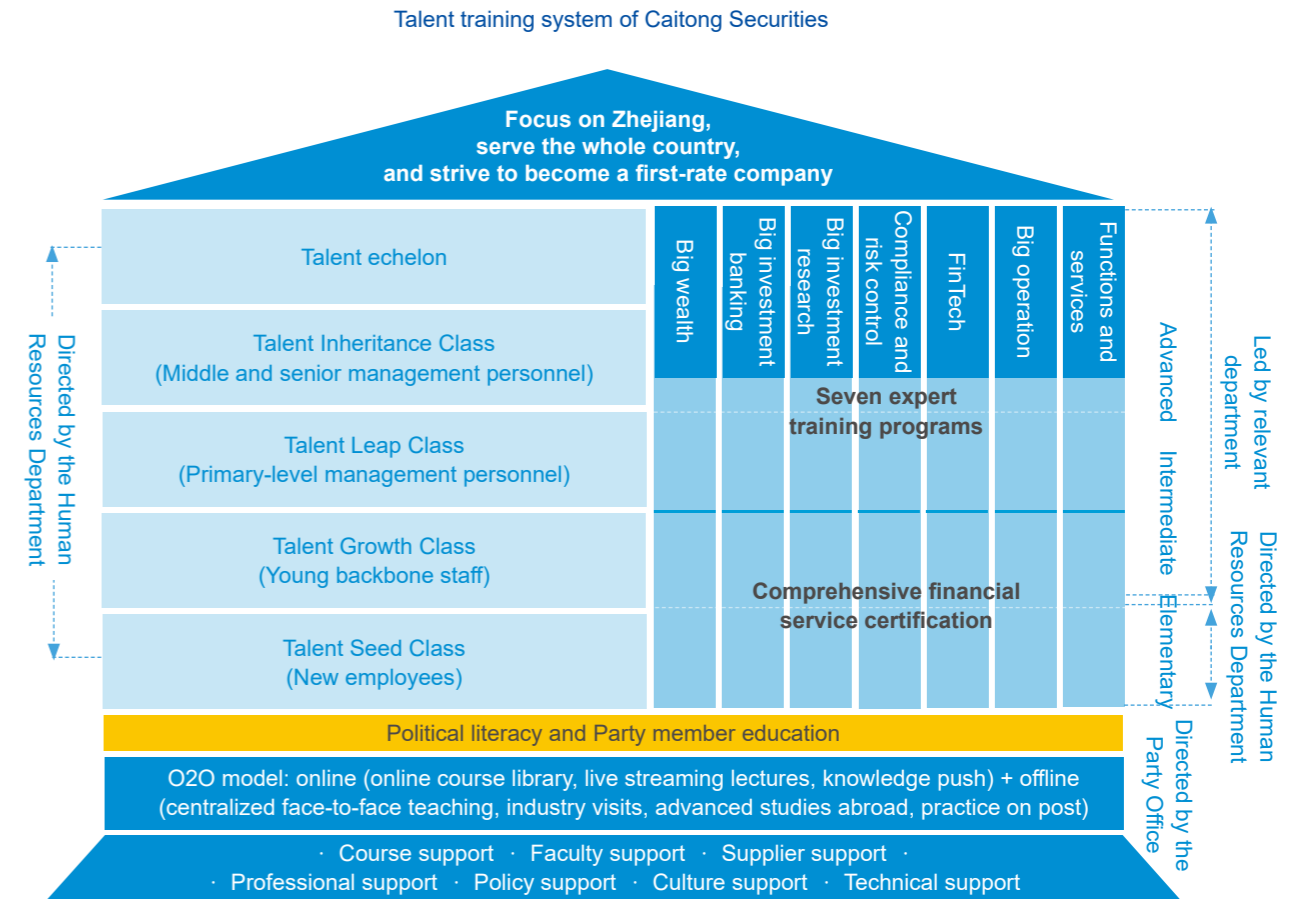
To better stimulate the enthusiasm and creativity of employees, the Company established a perfect internal model reward system. The Company set "Special Contribution Award" to commend the collectives or individuals who had played an important role in implementing the major decisions and plans of the Central Committee, the Provincial Party Committee, the Provincial Government, relevant higher-level units and the Party Committee of the Company and promoting key strategic tasks, made outstanding contributions to the development of the Company or made significant contributions to the completion of the Company's operating indicators.

The remaining awards were divided into political and cultural awards and management awards. In particular, political and cultural awards were used to commend model organizations or individuals who performed outstandingly in the party building and corporate culture development and had great influence in the Company. Management awards were used to commend the collectives or individuals who performed outstandingly or actively innovated management and business modes, and played a great role in or made great contributions to the strategic development of the Company.



Cultivating high-quality talents

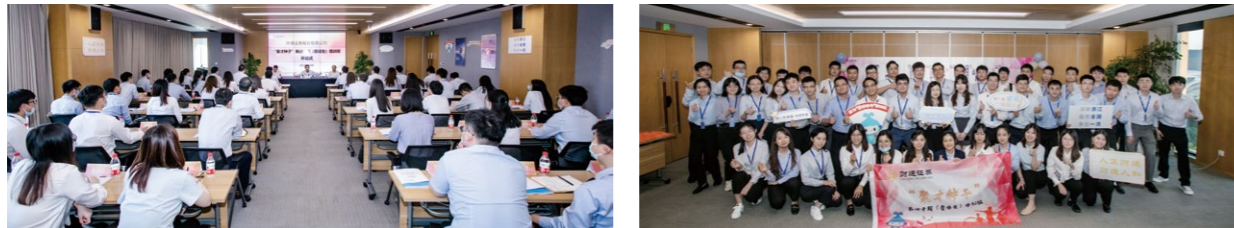
Guided by the goal of building "market-oriented, professional and young" official talent teams, the Company built a hierarchical training system covering all employees, empowered employees to improve their abilities and performance through training, and better helped employees' career development.



The Company encouraged employees to take the initiative to learn, and formulates the *Detailed Rules for the Implementation of Continuing Education for Employees of Caitong Securities Co., Ltd.*, which was committed to improving employees' professional quality and business ability. The Rules specified that the Company would reimburse or subsidize the securities qualification or approved professional qualification items, covering 230 person-times. In 2021, the Company received 87 person-times application for professional qualification awards, amounting to RMB 565,000.

Conducting "Talent" training to boost the growth of new employees

In September 2021, the Company gave the 40th "Talent" training courses for management trainees online and offline, covering the subjects of courses on 28 e-learning platforms (such as "Five Strategies" and "Digital Finance") and modules (such as corporate culture and policy interpretation). The training helped 96 management trainees to improve their professional quality and transform from campus students to Caitong personnel, and accelerated their integration into Caitong's corporate culture, thus expanding the influence of corporate culture and the attractiveness of employer brands.



The 40th "Talent" training

Conducting "Growth" training to boost the development of young elites

From May to October, 2021, the Company held six "Growth" training sessions for young elites with 65 excellent courses available and 52 sessions for business sharing and exchanges. Five tools to guide the joint creation of courses and five digital transformation subject deliverables were exported. The training improved the comprehensive quality and competency of young elites and helped them define their career development plans. At the same time, it helped the Company to select and train reserve talent echelons, promoted inter-departmental collaboration and communication at the group level, and increased support for the Company's strategy and business.

In addition, some external institutions were selected for cooperation on the "Growth" young elites training program. Specifically:

- Zhejiang Liangchuang Information Technology Co., Ltd. provided evaluation tools and services in personality traits, development potential, leadership and other aspects to help employees know their strengths and weaknesses better and enhance teamwork.
- Hangzhou Hezhixing Enterprise Management Consulting Co., Ltd. provided excellent trainers specializing in problem solving, systematic thinking and teamwork abilities, customized the syllabus and content, and improved the course quality.

Conducting "Growth" training to boost the development of young elites



"Growth" training in 2021

Conducting "Progress" training to improve the leadership of grassroots leaders

From October to December, 2021, the Company held the 3rd online "Progress" training course, covering 52 newly promoted grassroots leaders. In the training, the learning and development ability model of grassroots leaders was built and two e-learning communities (namely, "Co-learning Society" and "Training Camp for New Forces in the Securities Industry") were created through group analysis. 11 campaigns (such as ability knowledge guidance, online theme seminar, practice sharing meeting and excellent case review sharing meeting) were carried out to effectively solve practical problems in the management of grassroots leaders, help them broaden their horizons and improve their management capabilities and leadership.

线上学习社群建设：券业新力量训练营

课程教学：为期8周，33课时

券业新力量训练营

赋能管理者，撬动整个团队。

- 客户需求层次日益复杂
- 产品多样化
- 业务复杂化
- 现有组织积重难行。

01

精益管理模式训练

- 从业务专家到总经理的胜任力修炼之路
- 营业部工作规划
- 营销服务一体化建设
- 招聘工具与模式
- 组织建设与人员赋能

02

财富业务管理专题训练

- 财富管理行业转型
- 财富顾问目标管理
- 财富业务过程管理法
- 营销管理
- 会议管理

03

机构业务管理专题训练

- 确定发展目标，激发团队能力；
- 机构业务规划
- 上市公司圈层应用
- 机构营销若干模式

04

产品销售管理专题训练

- 团队赋能：老员工激活、绩效低员工帮扶、绩优员工标杆；
- 客户分层管理
- 营销活动
- 温情营销

Deepening care for employees

The Company was committed to creating a warm and harmonious working environment, actively carried out varied cultural and sports activities, cared for employees' physical and mental health, and comprehensively enhanced their sense of happiness. The Company continuously optimized the welfare and security system for employees to fully enhance their corporation identity and sense of belonging.

The Company elected employee directors and supervisors in accordance with the *Company Law of the People's Republic of China*, *Labor Union Law of the People's Republic of China*, *Constitution of the Chinese Labor Unions* and *Opinions of All-China Federation of Trade Unions on Further Promoting the System for Employee Directors and Supervisors*. Employee directors and supervisors, as representatives and defenders of employees' interests, gave full play to their link role in the Board of Directors and the Board of Supervisors, spoke for employees, and ensured the rights and interests of the employees. The Company established, improved and implemented the workers' congress and collective consultation. At present, there are one employee director and three employee supervisors. In 2021, the labor union organized four workers' congresses to ensure employees' rights in democratic participation, decision-making and supervision.

Company's non-remuneration welfare system



Supplementary medical insurance

Applicable to all employees of the Company. The medical expenses incurred by employees in the current year could be paid by the insurance company designated by the Company based on medical expense invoices and supporting materials.



Enterprise annuity

Established according to relevant national laws and regulations and used to ensure and improve the treatment of retired employees.



Accident insurance

In addition to paying for all in-service employees of the Company, it covered all interns of the Company, and fully protected their rights and interests.



Annual rehabilitation and recuperation

In 2021, nearly **800** employees participated in the Company's rehabilitation and recuperation.



Annual physical examination

In 2021, the coverage of employees by physical examination was **100%**.

Care for employees by Caitong Securities in 2021



Care for all employees

- >> The Company provided employees with welfare facilities such as gym, canteen, infirmary and mother-and-baby room. The satisfaction of staff in the canteen of the headquarters reached **99.2%**.
- >> The Company organized the campaign of "Caring for Employees and Paying Attention to Their Mental Health".
- >> The Company purchased anti-pandemic packages for all employees shortly after the outbreak of the pandemic.
- >> The Company carried out "Cai•Children" activities of caring for children for employees and their families.
- >> The Company organized basketball match and fun sports games to enrich the life of employees in spare time.



Care for special employees

- >> In case of marriage, death, birth and difficulty, the Company's labor union extended timely greetings for more than **200** person-times throughout the year, amounting to RMB **270,000**. At the same time, it visited the grassroots for many times and subsidized RMB **150,000** to employees in difficulty.



Care for female employees

- >> The Company organized the International Women's Day themed activity titled "Heart of Women to the Party and Century-long Glory".
- >> The Company set up a mother chamber in Staff Home.
- >> The Company offered an additional care insurance for all female employees.



Mother-and-baby room



Staff canteen



Staff gym



Staff infirmary

International Women's Day theme activities titled "Heart of Women to the Party and Century-long Glory"

In March 2021, the Company conducted the International Women's Day theme activities, including providing "Best Wishes, Vitality and Care" insurance for all female employees, offering festival gifts for female employees, improving mother-and-baby room facilities, holding the launching ceremony of "Staff Home", and organizing female employees to visit 1954 Constitution Archives Exhibition Hall with the theme of "learning Party history, staying true to original aspiration and fulfilling mission". These activities enriched the intellectual and cultural lives of female employees.



The Company organized female employees to visit 1954 Constitution Archives Exhibition Hall



Mr. Hu Guohua, the Company's Deputy Secretary of Party Committee and Chairman of Labor Union, extended greetings to female employee representatives

Key Quantitative Performance

Economic Performance

Economic Performance

Indicator	Unit	2019	2020	2021
Total assets	RMB 100 million	649.92	966.59	1,104.25
Business income	RMB 100 million	49.52	65.28	64.08
Basic earnings per share	RMB/share	0.52	0.63	0.71
Social contribution value per share (SCVPS)	RMB	1.37	1.77	2.40

Note: SCVPS = basic earnings per share + (taxes the Company paid to the state within the year + employee wages and benefits + loan interest paid to banks and other creditors + value created for other stakeholders such as donations - other social costs incurred by environmental pollution, etc.) / weighted average number of common shares outstanding.

Social Performance

Customer Service Performance

Indicator	Unit	2019	2020	2021
Number of customer inquiries	Piece	156,126	251,938	255,236
Proportion of inquiries answered by customer service staff	%	89.61	68.70	60.77
Proportion of inquiries answered by intelligent customer service agents	%	10.39	31.30	39.23
Number of complaints	Piece	66	65	41
Complaint handling rate	%	100	100	100
Customer satisfaction	%	92.28	94.10	93.47
Number of complaints of identified leaks, and losses of customer data.	Time	0	0	0

Note 1: The data covers the headquarters of the parent company of Caitong Securities.

Note 2: Customer inquiries include those answered by customer service staff (via telephone and the Internet) and intelligent customer service agents.

Note 3: Complaint handling rate = number of complaints settled / total number of complaints.

Note 4: As the Company improves its digital and intelligent operations and optimizes its business processes, the proportion of its intelligent customer service agents has increased year by year.

Employment Performance

Indicator		Unit	2019	2020	2021
Employee turnover rate		%	14.82	10.85	11.69
By gender	Male	%	16.94	12.20	13.72
	Female	%	12.24	8.56	9.20
By age	> 50 years old	%	8.91	14.75	8.44
	30 to 50 years old	%	15.44	9.65	10.86
	< 30 years old	%	14.00	12.65	14.61
By region	The mainland	%	14.82	10.58	11.69
	Overseas (including Hong Kong, Macao and Taiwan)	%	0.00	0.00	0.00
Total number of new employees		Person	308	530	985
By gender	Male	Person	176	339	573
	Female	Person	132	191	412
By age	> 50 years old	Person	4	1	2
	30 to 50 years old	Person	145	284	515
	< 30 years old	Person	159	245	468
By region	The mainland	Person	308	530	985
	Overseas (including Hong Kong, Macao and Taiwan)	Person	0	0	0

Note 1: The data covers the parent company of Caitong Securities.

Note 2: Employee turnover rate in a specific category = number of former employees in this category during the year / number of employees in this category at the end of the year.

Performance in Protection of Employee Rights and Benefits

Indicator	Unit	2019	2020	2021
Labor contract signing rate	%	100	100	100
Social insurance coverage	%	100	100	100
Number of penalties for violations of employee employment and labor laws and regulations	Time	0	0	0
Employee health checkup rate	%	100	100	100
Work-related deaths	Person	0	0	0
Days lost due to work-related injuries	Day	19	124.5	23

Note: The data covers the parent company of Caitong Securities.

Employee Composition Performance

Indicator		Unit	2019	2020	2021
Total number of employees		Person	2,659	2,884	3,464
By gender	Male	Person	1,458	1,599	1,909
	Female	Person	1,201	1,285	1,555
By age	> 50 years old	Person	101	122	154
	30 to 50 years old	Person	1,865	2,082	2,441
	< 30 years old	Person	693	680	869
By education background	Number of employees with doctoral degrees	Person	15	16	17
	Number of employees with master degrees	Person	588	657	928
	Number of employees with bachelor degrees	Person	1,824	2,000	2,310
	Number of employees with junior college degrees or below	Person	232	211	209
By job grade	Number of primary-level employees	Person	2,506	2,724	3,288
	Number of middle management employees	Person	137	143	159
	Number of senior management employees	Person	16	17	17
By region	The mainland	Person	2,659	2,884	3,464
	Overseas (including Hong Kong, Macao and Taiwan)	Person	0	0	0
Number of management employees	Number of male management employees	Person	188	123	132
	Number of female management employees	Person	35	37	44

Note: The total number of employees covers the parent company of Caitong Securities.

Employment Training Performance

Indicator		Unit	2019	2020	2021
Number of employees trained		Person	2,126	2,595	3,117
Coverage of employee training		%	79.95	89.98	89.98
By gender	Male	%	79.97	89.99	89.99
	Female	%	79.93	89.96	89.97
By employee category	Primary-level employees	%	78.73	89.98	89.93
	Middle management employees	%	59.85	100.00	89.94
	Senior management employees	%	100.00	100.00	100.00
Training hours per employee		Hour	29.03	60.26	120.08
By gender	Male	Hour	28.01	58.00	121.50
	Female	Hour	30.05	62.50	118.50
By employee category	Ordinary employees	Hour	35.00	70.50	130.20
	Middle management employees	Hour	30.40	61.20	125.40
	Senior management employees	Hour	21.69	49.05	104.61
Proportion of employees receiving regular performance and career development evaluation		%	100.00	100.00	100.00

Note 1: The data covers the parent company of Caitong Securities.

Note 2: Coverage of employee training in a specific category = number of trainees in this category / number of employees in this category.

Note 3: Training hours per employee in a specific category = Total training hours the employees in this category have received / number of employees in this category. The training hours per employee refers to the hours of the trainings organized by the Company during the reporting period.

Anti-Corruption Performance

Indicator		Unit	2019	2020	2021
Number of anti-corruption training sessions attended by employees		Time	2	2	2
Number of employees who have received anti-corruption training sessions		Person	200	150	4,500
Number of concluded legal cases regarding corrupt practices brought against the Company or its employees during the reporting period.		Piece	0	0	0

Note 1: The data covers the parent company of Caitong Securities.

Note 2: In 2021, the Company carried out online and offline anti-corruption special training covering all employees, so the number of trainees had increased significantly compared with the previous two years.

Social Contribution Performance

Indicator		Unit	2019	2020	2021
Charity funds invested		RMB 10,000	1,775.05	4,493.50	2,411.28
Wherein, amount of investment in public welfare		RMB 10,000	243.45	2,565.50	1,372.28
Wherein, amount of investment in rural revitalization		RMB 10,000	1,531.60	1,928.00	1,039.00

Note: The data covers the parent company of Caitong Securities and its subsidiaries

Employee Volunteer Services

Indicator		Unit	2019	2020	2021
Number of volunteer service participants		Person-time	200	800	1,200
Total volunteer service hours		Hour	1,400	80,800	93,600
Volunteer service hours per employee		Hour	70	101	78

Note 1: The data covers the parent company of Caitong Securities.

Note 2: In 2020 and 2021, as the Company organized volunteers to participate in epidemic prevention and control, carried out "Party Day" activities, and sent warmth to people in need. As a result, the number of volunteer service participants and the total volunteer service hours increased year by year.

Environmental Performance

Environmental Performance

Indicator	Unit	2019	2020	2021
Total GHG emissions	Ton carbon dioxide equivalent	153.57	228.40	3,800.71
GHG emissions in Scope 1	Ton carbon dioxide equivalent	4.23	4.59	130.88
GHG emissions in Scope 2	Ton carbon dioxide equivalent	149.34	223.81	3,669.83
GHG emissions per capita	Ton carbon dioxide equivalent/person	0.45	0.63	2.03
GHG emissions per unit area	Ton carbon dioxide equivalent/m ²	0.02	0.03	0.09
Total natural gas consumption	m ³	—	—	33,021.00
Natural gas consumption per capita	m ³ /person	—	—	22.59
Natural gas consumption per unit area	m ³ /m ²	—	—	0.97
Petrol consumption of the Company's own vehicles	Liter	1,562.00	1,696.00	21,934.00
Total power consumption	MWh	286.89	408.95	6,057.28
Power consumption per capita	MWh/person	0.84	1.12	3.23
Power consumption per unit area	MWh/m ²	0.04	0.05	0.14
Total water consumption	m ³	3,430.36	3,499.71	32,552.82
Water consumption per capita	m ³ /person	10.03	9.59	17.36
Water consumption per unit area	m ³ /m ²	0.49	0.41	0.75
Quantity of electronic wastes	Piece	530	1,254	206
PUE of Headquarters Data Center (owned)	/	1.50	1.52	1.63
PUE of Binjiang Disaster Recovery Data Center (owned)	/	1.42	1.44	1.45
Energy Consumption of Headquarters Data Center (owned)	MWh	437.83	2,983.62	3,680.04
Energy Consumption of Binjiang Disaster Recovery Data Center (owned)	MWh	2,285.54	2,393.11	2,262.35

Note 1: The data on GHG emissions, petrol consumption of the Company's own vehicles, natural gas consumption, power consumption and water consumption covers the headquarters of Caitong Securities in Hangzhou, the headquarters of Caitong Securities Asset Management in Shanghai, the headquarters of Caitong Capital, the headquarters of Caitong Innovation, and the headquarters of Caitong (Hong Kong); in 2019 and 2020, such data did not cover the headquarters of Caitong Securities in Hangzhou. The quantities of electronic wastes and the data center-related indicators in the three years listed above all cover the headquarters of Caitong Securities in Shanghai.

Note 2: The GHG emissions in Scope 1 contain those directly generated from the petrol consumption of the Company's vehicles and its natural gas consumption. The GHG emissions in Scope 2 are those indirectly generated from outsourced power. The emission factors in Chinese mainland in 2019 and 2020 referred to the 2015 average emission factors of Chinese regional power grids from the *Supplementary Data of the 2019 Greenhouse Gas Emissions Report* issued by the Ministry of Ecological Environment. The emission factors in Hong Kong referred to the GHG emission factors of electricity in Hong Kong from the *Appendix II: Reporting Guidelines for Environmental Key Performance Indicators* updated by the Hong Kong Stock Exchange on May 28, 2021. The emission factors in Chinese mainland in 2021 was updated as the 2021 GHG emission factors of Chinese regional power grids from the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions of Power Generation Facilities (Revised in 2022)* issued by the Ministry of Ecological Environment.

Note 3: From 2019 to 2021, the headquarters of Caitong Securities Asset Management in Shanghai, the headquarters of Caitong Capital, the headquarters of Caitong Innovation, and the headquarters of Caitong (Hong Kong) had no natural gas consumption.

Note 4: E-waste includes the old servers, network devices, safety devices, desktop computers, printers, and other old electronic equipment in data centers. As the headquarters of Caitong Securities in Hangzhou was moved to a new building in 2021 and saw the disposal of much waste in 2020, its electronic waste increased at first and then decreased in the past three years.

Report Index

Index of Guideline No.1 on the Application of Self-Regulatory Rules for Listed Companies on Shanghai Stock Exchange – Regulated Operation

Guideline No.1 on the Application of Self-Regulatory Rules for Listed Companies on Shanghai Stock Exchange – Regulated Operation — Chapter 8 Social Responsibility	
Requirement of Guideline	Section index
8.1	Sticking with green and low-carbon operation Fulfilling social responsibilities Building a happy workplace
8.2	Improving the compliance and risk control system Keeping good business ethics Providing professional and high-quality services
8.3	Keeping good business ethics Sticking with green and low-carbon operation Fulfilling social responsibilities Building a happy workplace
8.4	Key quantitative performance
8.5	Applicable
8.6	Sticking with green and low-carbon operation Providing professional and high-quality services Fulfilling social responsibilities Building a happy workplace
8.7	Building a happy workplace
8.8	Sticking with green and low-carbon operation
8.9	Applicable
8.10	Sticking with green and low-carbon operation
8.11	Sticking with green and low-carbon operation
8.12	N/A
8.13	N/A
8.14	Building a happy workplace
8.15	Speeding up the development of “CDi-wisdom”

Index of Sustainability Reporting Standards (GRI Standards)

Sustainable Development Report Standards Indicator	Description
Foundation	
101-1	About the Report
Organizational profile	
102-1	Company profile
102-2	Company profile
102-3	Company profile
102-4	Company profile
102-5	Company profile
102-6	Company profile
102-7	Company profile
102-8	Key quantitative performance
102-9	Company profile
102-10	Company profile
102-11	Improving the compliance and risk control system
Strategy	
102-14	ESG statement from the Board of Directors
102-15	ESG statement from the Board of Directors
Ethics and integrity	
102-16	ESG Concepts
Governance	
102-18	Improving corporate governance
102-21	Communication with stakeholders and analysis of material topics
102-22	Improving corporate governance
Stakeholder engagement	
102-40	Communication with stakeholders and analysis of material topics

Sustainable Development Report Standards Indicator	Description
102-41	Communication with stakeholders and analysis of material topics
102-42	Communication with stakeholders and analysis of material topics
102-43	Communication with stakeholders and analysis of material topics
102-44	Communication with stakeholders and analysis of material topics
Reporting practice	
102-45	About the Report
102-46	About the Report
102-47	Communication with stakeholders and analysis of material topics
102-49	Key quantitative performance
102-50	About the Report
102-51	About the Report
102-52	About the Report
102-53	About the Report
102-54	About the Report
102-55	Index of Sustainability Reporting Standards (GRI Standards)
Economy	
103-1	Company profile Key quantitative performance
103-2	
103-3	
Economic Performance	
201-1	Key quantitative performance
Indirect Economic Impacts	

Sustainable Development Report Standards Indicator	Description
203-1	Supporting the building of the demonstration zone for common prosperity, Helping Zhejiang become a pioneer province for socialist modernization, Being a comprehensive financial service provider based in Zhejiang, Fulfilling social responsibilities, Key quantitative performance
Anti-corruption	
205-1	Keeping good business ethics Key quantitative performance
205-2	Keeping good business ethics
Environment	
103-1	Sticking with green and low-carbon operation Key quantitative performance
103-2	
103-3	
Energy	
302-1	Key quantitative performance
302-3	Key quantitative performance
Environmental Compliance	
307-1	Key quantitative performance
Society	
103-1	Fulfilling social responsibilities Key quantitative performance
103-2	
103-3	

Sustainable Development Report Standards Indicator	Description
Employment	
401-1	Key quantitative performance
401-2	Building a happy workplace
Occupational Health and Safety	
403-2	Key quantitative performance
Training and Education	
404-1	Key quantitative performance
Diversity and Equal Opportunity	
405-1	Key quantitative performance
Anti-discrimination	
406-1	Key quantitative performance
Child Labor	
408-1	Key quantitative performance
Forced or Compulsory Labor	
409-1	Key quantitative performance
Marketing and Labeling	
417-2	Key quantitative performance
417-3	Key quantitative performance
Customer Privacy	
418-1	Valuing data security and privacy protection Key quantitative performance

About the Report

This is the 5th Report issued by Caitong Securities Co., Ltd. since its listing, aiming to disclose the Company's environmental, social and corporate governance initiatives and accomplishments to the stakeholders.

Scope of Report

Organizational scope: The same as the scope of the consolidated annual financial statements of the Company unless otherwise specified.

Time span: January 1, 2021 to December 31, 2021

Frequency of issuance: The Report is issued annually, and the last one was *2020 Social Responsibility Report*.

Data Description

The data and cases in the Report are sourced from the original records or financial reports on the actual operation of Caitong Securities and its subsidiaries. The financial figures are denominated in RMB. In case of any discrepancy between the Report and the financial reports, the latter shall prevail.

Basis of Preparation

The Report is prepared based on *Guideline No.1 on the Application of Self-Regulatory Rules for Listed Companies on Shanghai Stock Exchange – Regulated Operation* issued by Shanghai Stock Exchange. Meanwhile, this Report has quoted some standards from the *Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2—Contents and Formats of Annual Reports (2021 Revision)* issued by the CSRC and the *Sustainability Reporting Standards* issued by the Global Reporting Initiative.

Reliability Assurance

The Board of Directors and all directors of the Company guarantee that the Report is authentic, accurate and complete, and contains no false records, misleading statements or major omissions. The Board of Directors and all directors of the Company assume joint and several liabilities for the truthfulness, accuracy and completeness of the information contained herein.

Access to the Report

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