

INTEGRITY · INNOVATION · PRACTICALITY · RESPONSIBILITY



SHANGHAI
FUTURES EXCHANGE

2021

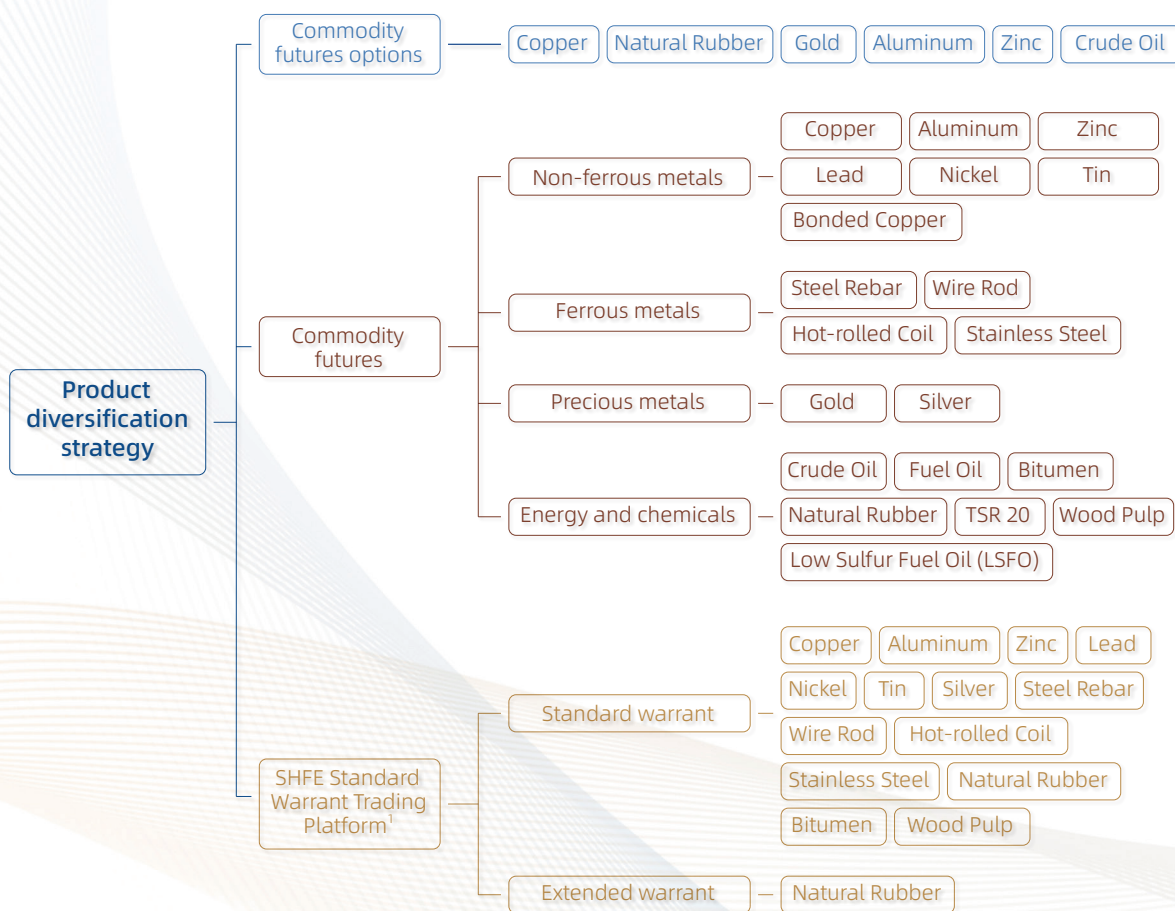
CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT



SHFE INTRODUCTION

Shanghai Futures Exchange (SHFE) has been diversifying its product portfolio, expanding market share, and improving operation. These activities not only enhance its width and depth in serving the real economy, but also provide the effective guarantee for industrial enterprises to stabilize operating performance and manage price risks.

PRODUCT PORTFOLIO



¹ It has been renamed as SHFE OTC Platform since July 8, 2022.

SHFE 2021 GLOBAL RANKINGS

Trading volume (MT) of steel rebar futures, hot-rolled coil futures, natural rubber futures, TSR 20 futures, tin futures, nickel futures, silver futures, fuel oil futures, LSFO futures, bitumen futures, wood pulp futures, stainless steel futures, and copper options	No. 1
Trading volume (MT) of copper futures, aluminum futures, zinc futures, lead futures, gold futures, aluminum options, zinc options, and gold options	No. 2
Trading volume (barrel) of crude oil futures	Next to WTI and BRENT
Trading volume (lot) of exchange-traded commodity derivatives	No. 2
Trading volume (lot) of exchange-traded derivatives	No. 8

Source: Futures Industry Association (FIA)

MARKET PERFORMANCE IN 2021

© Market size

CUMULATIVE TRADING VOLUME 2.446 billion lots 2021 +14.90% YoY	CUMULATIVE TURNOVER RMB214.58 trillion 2021 +40.43% YoY	YEAR-END OPEN INTEREST 8.26 million lots 2021 +23.91% YoY
YEAR-END VALUE OF OPEN INTEREST RMB697 billion 2021 +26.03% YoY	CUMULATIVE DELIVERY VOLUME 0.95 million lots 2021 +3.43% YoY	CUMULATIVE DELIVERY VALUE RMB102 billion 2021 +4.22% YoY

© Market services

MARKET ACTIVITIES 1,300+ online and offline training activities 250,000+ participants	STANDARD WARRANT PLEDGE LOANS RMB1.609 billion of loans against standard warrants worth 0.0455 million MT of commodities	“INSURANCE + FUTURES” PROGRAM RMB111 million premium 133,200+ rubber-farmer households
OTC OPTIONS PILOT FOR POVERTY ALLEVIATION 0.0327 million MT of rubber covered RMB25 million support of agricultures	NUMBER OF DELIVERY WAREHOUSES 119 By the end of 2021 +5.31% YoY	NUMBER OF DELIVERABLE BRANDS 380 By the end of 2021 +15.15% YoY

SHFE SERVICES

BUILDING A LEADING EXCHANGE

FOSTERING EXCHANGE-TRADED MARKET

CREATING A QUALITY PRODUCT PORTFOLIO ◊-----

◎ **Listing one of China's first option products open to overseas traders**

On June 21, 2021, Shanghai International Energy Exchange (INE) listed the crude oil options—one of China's first option products accessible by overseas traders.

◎ **Adding new deliverable grade for crude oil futures**

In 2021, INE added UAE's Murban crude oil as a deliverable grade.

◎ **Publishing the mean of futures settlement price**

On October 29, 2021, INE officially published the mean of settlement price for LSFO futures.

◎ **Revising market rules and contract specifications**

In 2021, SHFE released market rules twice, amended implementing rules 24 times, and modified contract specifications 10 times.

OPTIMIZING MARKET OPERATION ◊-----

◎ **Improving contract continuity**

Introduced market makers for 14 products to improve contract continuity, creating good liquidity to 4th - to 7th - nearest month contracts.

◎ **Increasing margin collaterals for futures**

Further diversified types of collaterals pledged as margin, accepting Chinese government bonds as margin collateral in 2020 and 2021 respectively.

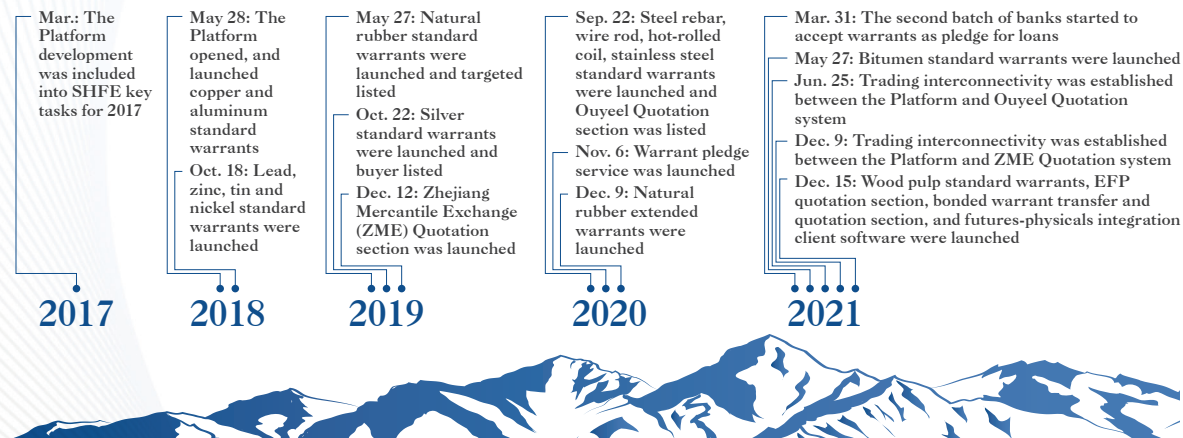
◎ **Optimizing delivery process**

Optimized delivery process for 16 futures products in 2020, including shortening the delivery period of gold futures from 5 days to 1 day, and that of other futures products from 5 days to 3 days.

ENHANCING FUTURES-PHYSICALS MARKET INTEGRATION

SHFE STANDARD WARRANT TRADING PLATFORM²

PLATFORM MILESTONES



- © Currently, the Platform supports trading of the standard warrants of 14 standard-duration products and 1 extended-duration product (natural rubber), covering non-ferrous metals, precious metals, ferrous metals, and energy and chemicals.
- © The Platform has launched targeted listing mode, buyer listing mode, online standard warrant pledge and other services, and added EFP quotation section, bonded warrant transfer and quotation section, and futures-physicals integration client software in 2021.
- © The Platform recorded a turnover of RMB 114.924 billion in 2021, and a cumulative turnover of RMB 493.206 billion since its launch.
- © The Platform has 559 contracted traders, including 88 newcomers in 2021.
- © In 2021, the Platform facilitated banks to issue 184 pledge loans worth RMB 1.609 billion against 6,767 warrants equaling round 0.0455 million MT of commodities.
- © In 2021, the Platform established trading interconnectivity with Ouyee Quotation system and ZME Quotation system, strengthening its cooperation with industries.

² It has been renamed as SHFE OTC Platform (the “Platform” in this page) since July 8, 2022.

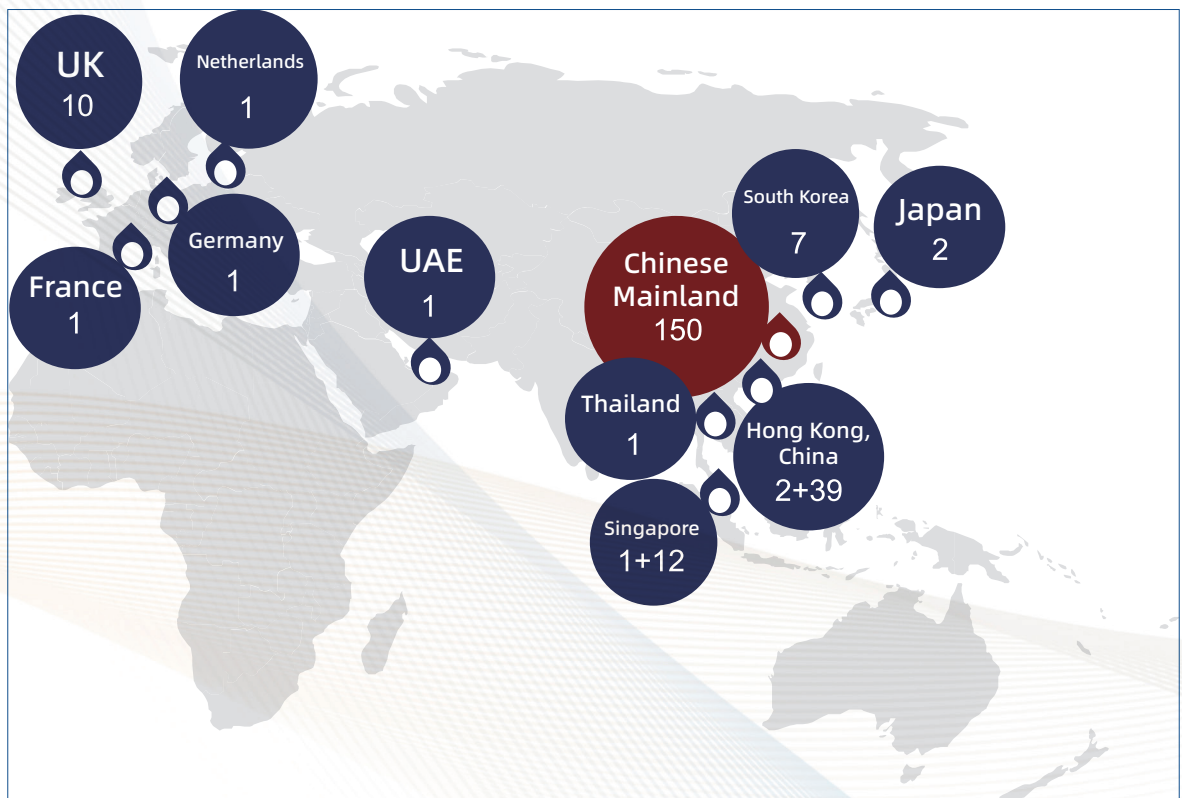
EXPLORE SETTING THE EXCHANGE-TRADED NATIONAL COMMODITY WARRANT REGISTRATION CENTER

- © SHFE seeks to create a national exchange-traded commodity warrant registration center that features “central registration, electronic supervision, futures-physicals integration, and finance-industry cooperation.”
- © In December 2021, SHFE launched the first pilot commodity warrant registration system in Qingdao.

BOOSTING INTERNATIONALIZATION

ATTRACTING OVERSEAS TRADERS

- © Overseas traders come from more than 20 countries and regions in six continents.
 - 3 overseas special participants (OSPs) and 75 overseas intermediaries



Note: There are 2 OSPs and 39 overseas intermediaries from Hong Kong, China;
There are 1 OSP and 12 overseas intermediaries from Singapore.

© INE has listed 5 products open to overseas traders.

**INTERNATIONAL PLATFORM, NET PRICING,
BONDED DELIVERY, RMB DENOMINATION**

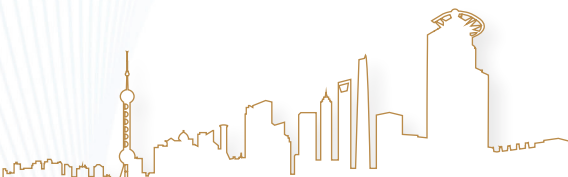


TAPPING INTERNATIONAL MARKETS

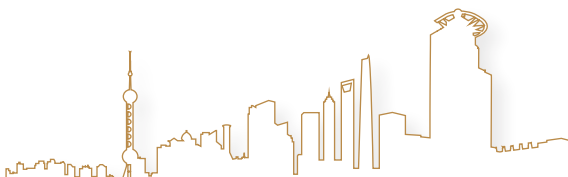
2018	INE	Registered as an Automated Trading Service (ATS) provider in Hong Kong, China; Registered as a Recognized Market Operator (RMO) in Singapore
2019	SHFE, INE	Approved as a Qualifying Central Counterparty (QCCP) by China Securities Regulatory Commission
2020	SHFE, INE	Included in the positive list of post-trade transparency assessment of third-country trading venues by European Securities and Markets Authority (ESMA)

- © In 2020, SHFE and NOREXECO signed a pulp futures final settlement price licensing agreement.
- © In 2021, the first cross-border take-delivery of LSFO futures was successfully completed in Singapore, practicing China's innovative "domestic delivery + overseas take-delivery" model.
- © By the end of 2021, SHFE has signed MOUs with 16 overseas exchanges in the US, Japan, South Korea, Australia, etc.


GROWING MARKET INFLUENCE

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- As crude oil priced at INE crude oil futures' settlement price is transported to South Korea, Myanmar, Malaysia, India and other countries, oil-related enterprises there pay growing attention to the price, which is emerging as a reference price for crude oil suppliers and consumers in the Asia-Pacific region.
 - INE's LSFO futures served as the pricing benchmark for overseas fuel oil trades for the first time. In addition, SHFE and ZME jointly launched the Zhoushan LSFO bonded bunker price, which is based on the settlement price of INE's LSFO futures, providing an authoritative RMB reference price for the bunker fuel industry.

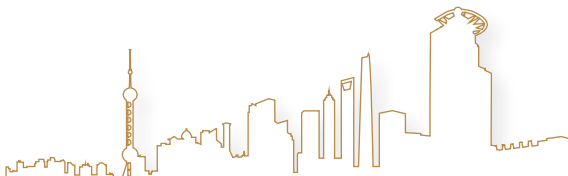
Shanghai Oil

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- In 2021, corporate clients continued to be active in trading SHFE gold futures, registering increased hedging and delivery volume. SHFE is also exploring the feasibility of developing a gold futures product open to overseas traders.

Shanghai Gold

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- INE's bonded copper futures price has been used by Jiangxi Copper, Zijin Mining, Geneva-based IXM, and Singapore-based Lobb Heng as a pricing benchmark in cross-border trades of electrolytic copper and copper concentrate.

Shanghai Copper

- 
- INE's TSR 20 futures price was used as the pricing benchmark for long-term contracts on cross-border rubber trades for the first time, and has become a pricing basis for domestic enterprises that engage in rubber spot trades. Since the launch of the futures-physicals cooperation program in TSR 20 rubber pricing in 2020, the participants have increased from 6 enterprises at the program's inception to 15 in 2021.

Shanghai Rubber

SHFE GREEN INNOVATION

TARGETING SUSTAINABLE DEVELOPMENT

DEVELOPING GREEN PRODUCTS

SHFE has been committed to building a multi-layered, green, and low-carbon derivatives market that is internationally competitive and suited to real economy development and risk management needs.

Innovative market mechanics for LSFO futures

- “Domestic delivery + overseas take-delivery” model is an innovation, representing the opening-up of China’s futures market in commodity delivery.
- The mean of settlement price for LSFO futures is released as pricing reference.



Multi-layered, green, low-carbon derivative market

- Accelerated the development and launch of natural gas futures and options
- Power and energy-storage cell material, aluminum alloy, hydrogen, ammonia, and electricity futures are also under development.

SERVING AND LEADING STANDARD

© SHFE improved the delivery standards for steel rebar futures by removing common rebar (HRB400) and only retaining anti-seismic rebar (HRB400E).

REVISIONS TO SHFE REBAR FUTURES CONTRACT SPECIFICATIONS

Note: words with double strikethrough are deleted and those in red are newly added.

NEW VERSION		OLD VERSION	
Grade and Quality Specifications	Standard products: HRB400E HRB400 steel rebars of diameter Φ16 mm, Φ18 mm, Φ20 mm, Φ22 mm, or Φ25 mm as prescribed in National Standard GB/T 1499.2-2018: Steel for the Reinforcement of Concrete - Part 2: Hot Rolled Ribbed Bars. Substitutions: HRB400E steel rebars of diameter Φ16 mm, Φ18 mm, Φ20 mm, Φ22 mm, or Φ25 mm as prescribed in National Standard GB/T 1499.2-2018: Steel for the Reinforcement of Concrete - Part 2: Hot Rolled Ribbed Bars.	Grade and Quality Specifications	Standard products: HRB400 steel rebars of diameter Φ16 mm, Φ18 mm, Φ20 mm, Φ22 mm, or Φ25 mm as prescribed in National Standard GB/T 1499.2-2018: Steel for the Reinforcement of Concrete - Part 2: Hot Rolled Ribbed Bars. Substitutions: HRB400E steel rebars of diameter Φ16 mm, Φ18 mm, Φ20 mm, Φ22 mm, or Φ25 mm as prescribed in National Standard GB/T 1499.2-2018: Steel for the Reinforcement of Concrete - Part 2: Hot Rolled Ribbed Bars.

© SHFE facilitated the revision and implementation of national standard Tin Ingots, and adjusted the grade and quality specifications of tin futures, in response to national policy for use of tin resources in an efficient and eco-friendly manner.

VOICE OF SHFE IN GREEN DEVELOPMENT

Shanghai Derivatives Market Forum — Non-ferrous Metals Sub-forum

- Co-hosted by SHFE and China Nonferrous Metals Industry Association on May 28
- Theme: Seeking high-quality development of the non-ferrous metal industry to serve national carbon peak and carbon neutrality

Shanghai Derivatives Market Forum — Wood Pulp Sub-forum

- Co-hosted by SHFE, China Paper Association, and Xiamen ITG Paper Corp., Ltd. on September 23
- Theme: Discussing how the futures market further contributes to a green, low-carbon papermaking

The 37th Asia Pacific Petroleum Conference

- Held by S&P Global Platts at the end of September
- SHFE presented its operations and performance, and shared its future plans in the context of energy transformation and low-carbon transition

The 10th China International Oil and Gas Trade Congress

- Organized by the Department of International Trade Promotion, Ministry of Commerce on November 8 as part of the 4th China International Import Expo
- Keynote speech by SHFE: Leveraging oil and gas derivatives for robust industry development amid energy transformation

The 4th World Oil Merchants Conference

- Organized by the People's Government of Zhejiang Province on November 10
- Keynote speech by SHFE: Creating a low-carbon future through energy transformation

Interview by China Business Network (CBN)

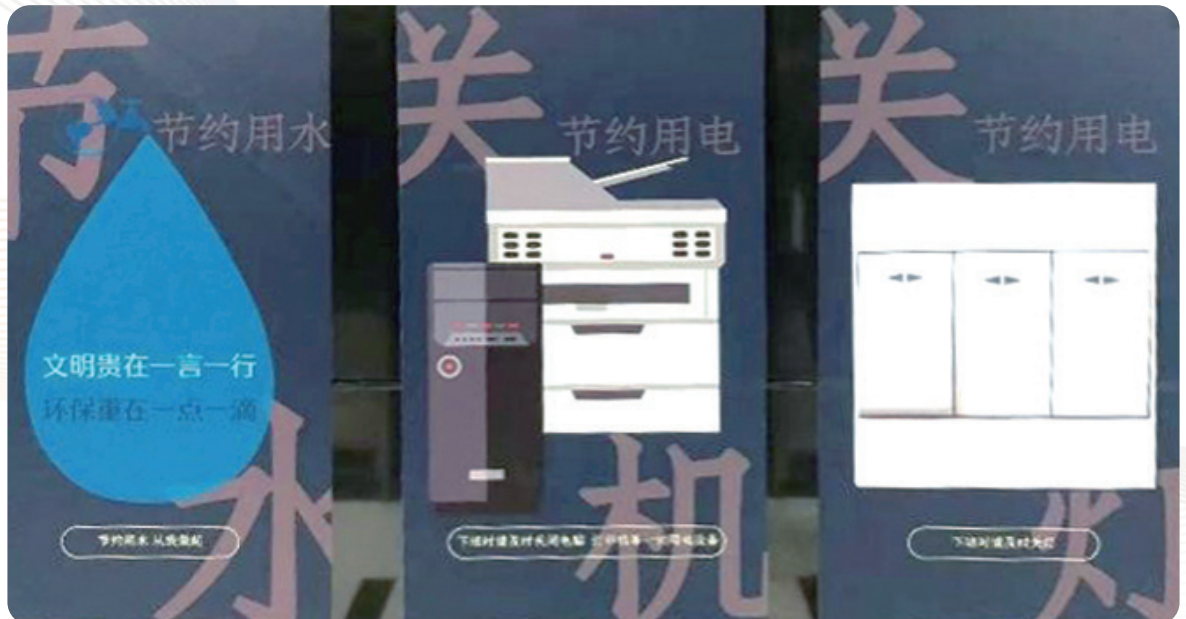
- In December, SHFE shared the ideas and programs in supporting national carbon peak and carbon neutrality goals, and green, low-carbon sustainable development

PROMOTING GREEN OPERATION

SHFE improved energy efficiency through optimized equipment operation, energy renovations, waste sorting, and other effective actions. In 2021, Shanghai Futures Tower reduced energy consumption by 0.38% and carbon emissions by 2.15% on a year-on-year basis.



SHFE renovated boilers, cooling water pumps, sewage treatment system, and energy-efficient lamps.



About 450 water/power saving posters have been put up.

CREATING A BETTER WORKPLACE

TALENT POOL BUILDING

© On-boarding training

SHFE provided training sessions to new employees, helping them take the right first step toward their careers at SHFE.

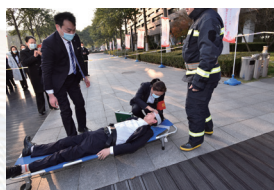


© Post-doctoral program

SHFE established the post-doctoral scientific research workstation in December 2001, and regard it as a significant channel for the building of a high-level young talent pool.

OPERATIONAL SAFETY CAMPAIGNS

SHFE organized operational safety trainings that cover more than 9,300 headcounts of personnel and more than 80 emergency response drills throughout the year.



"Fire Fighting and Evacuation" drill;
"Spraying System Leakage" emergency drill.

IMPROVING CLIENT SERVICE

TRADERS EDUCATION

In 2021, SHFE established “SHFE School” brand. SHFE School held 1,300-plus market events, and more than 250,000 traders attended.



SHFE School logo: 上海期货交易所 SHANGHAI FUTURES EXCHANGE | 上期大学堂 SHFE SCHOOL

上期直播间 SHFE WEBCAST

Commodity Futures Live Stream – Asset Allocation and Institutional Trading Strategy
2021-06-02 15:30

Crude Oil Explained by Experts
— Series Events for Third Anniversary of Crude Oil Futures
Investment Research Framework and Hedging Strategies for Energy Assets
Keynote speaker: Zhu Xiaojie
2021/3/25(Thu.) 15:30-17:00

Series Events for Third Anniversary of Crude Oil Futures (3)
2021-03-25 15:30

原油期权上市 THE LAUNCH OF CRUDE OIL OPTIONS
2021-06-21 08:30

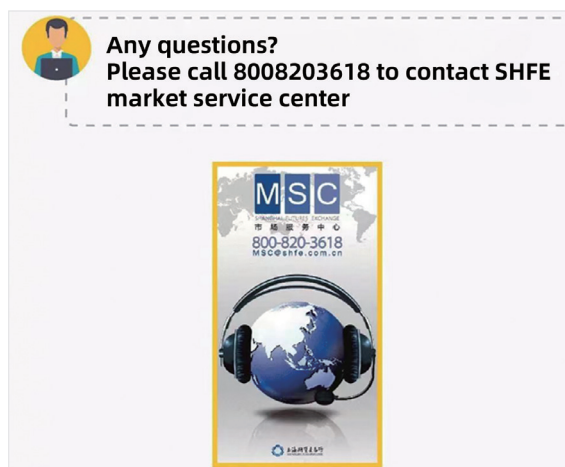
Launch Ceremony of Crude Oil Options
2021-06-21 08:30

上海期货交易所“京华论坛”第一期 有色保值沙龙 共审视 共提升
2021-07-15 19:15

The 1st SHFE Jinghua Forum—Hedging with Non-ferrous Metal Futures
2021-07-15 19:15

TRADERS PROTECTION

SHFE addresses traders’ suggestions and questions in an efficient manner through its 800 hotline. The satisfaction rate for resolution was 97% in 2021.



Any questions?
Please call 8008203618 to contact SHFE market service center

MSC 市场服务中心
800-820-3618
MSC@shfe.com.cn

SHFE logo

SERVING RURAL REVITALIZATION

PARTNER WITH TAIHU COUNTY FOR POVERTY ALLEVIATION

Since 2013, SHFE has donated nearly RMB 60 million to promote the industrial, intellectual, and educational development of Taihu county (Anhui Province). On April 28, 2020, Taihu county announced its removal from the poverty list.



In June 2021, SHFE organized the second study tour to Shanghai for students from the class of Taihu Middle School after their college entrance examination.

“INSURANCE + FUTURES” PROGRAM

SHFE has carried out the “Insurance + Futures” pilot program for 5 years from 2017 to 2021, with cumulative donation special funds reaching RMB 440 million.



PARTICIPATING IN PUBLIC WELFARE ACTIVITIES

SHFE has taken part in environmental protection activities held by the Alashan (Inner Mongolia Autonomous Region) Ecological Foundation for 7 years since 2015.



SHFE donated RMB 7 million for Henan province's flood control and disaster recovery after a prolonged heavy rainfall ravaged the province in July 2021.

REPORT SPECIFICATION

Reporting entity

The reporting entity is Shanghai Futures Exchange and its subsidiaries. For ease of expression and reading, the reporting entity may also be referred to as “SHFE”, “the Exchange”, “this Exchange” or “we” in this *Report*, unless otherwise specified.

Reporting period

The reporting period is from January 1 to December 31, 2021. Some content quoted in this *Report* may be beyond this period.

Compilation Basis

Chinese Academy of Social Sciences, *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 4.0)*

Global Reporting Initiative (*GRI-standards*)

United Nations 2030 Sustainable Development Goals (SDGs)

International Organization for Standardization, *ISO 26000 – Social responsibility (2010)*

Standardization Administration of China, *Guidance on Social Responsibility Reporting (GB/T 36001-2015)*

Release cycle

SHFE CSR Report is released once a year. This Report is the first *SHFE CSR Report*.

Data sources

The data quoted herein are all from the official documents and statistical reports of SHFE.

Access to this Report

The electronic version of this *Report* can be downloaded from the English website of SHFE (www.shfe.com.cn/eng/).

READER FEEDBACK

If you have any comments or suggestions on this Report, please contact us via the contact information on the right. We will seriously consider your feedback, and protect your information from access by any third parties.

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