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CHINA DEVELOPMENT BANK LEASING

國銀金融租賃股份有限公司

CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.

(於中華人民共和國註冊成立的股份有限公司)

(A joint stock limited company incorporated in the People's Republic of China)

股份代號 Stock Code: 1606



2021

環境、社會及管治報告
ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT





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ABOUT THE REPORT

OVERVIEW OF THE REPORT

This Environmental, Social and Governance Report (the “Report”) is aimed at systematically explaining to readers the environmental, social and governance (“ESG”) performance of China Development Bank Financial Leasing Co., Ltd. (the “Company” or “CDB Leasing”) and its subsidiaries or special purpose vehicles (collectively the “Group” or “We”) in 2021 and responding to stakeholders’ key concerns in ESG issues. The Report should be read in conjunction with the section on Corporate Governance Report in the 2021 Annual Report of the Company to fully understand the ESG performance of the Group.

DATA SOURCE AND RELIABILITY ASSURANCE

The data and other information of the Report are mainly sourced from relevant documents, reports and statistical results of CDB Leasing. CDB Leasing undertakes that the Report contains no false records or misleading statements and assumes responsibility for the authenticity, accuracy and completeness of the contents of the Report.

REPORT CONFIRMATION AND APPROVAL

The Report was approved by the Board of Directors (the “Board”) of the Company on May 13, 2022 upon confirmation by the management.

REPORTING SCOPE AND BOUNDARY

Unless otherwise stated, the disclosure scope and boundary of the Report are consistent with those of the 2021 Annual Report of the Company.

REPORTING PERIOD

The Report covers the period from January 1, 2021 to December 31, 2021 (the “Reporting Period” or the “Year”), with certain contents extending beyond the above period as necessary.



ABOUT THE REPORT

PREPARATION STANDARDS OF THE REPORT

The Report was prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) and with reference to the Recommendations of the Task Force on Climate-related Financial Disclosures issued by the Task Force on Climate-related Financial Disclosures (“TCFD”). The Report complied with the “mandatory disclosure requirements” and “comply or explain” provisions of the ESG Reporting Guide and adopted the reporting principles of materiality, quantitative, balance and consistency as the basis of preparation. To provide readers with cross-reference, the content index of the ESG Reporting Guide is set out in Appendix 3 of the Report.

The Group adopted the following reporting principles in the compilation process of the Report:

Materiality

The Group identified material issues relevant to it through materiality assessment, including inviting stakeholders to rank the materiality of ESG issues and verification of the material issues by the Board, etc. Please refer to the section headed “Assessment of Material Issues” of the Report for details.

Quantitative

To fully assess its ESG performance in the Reporting Period, the Group disclosed the applicable quantitative key performance indicators in the ESG Reporting Guide and stated the basis of reference regarding the standards, methods, assumptions and calculation adopted by the quantitative key performance indicators, including the sources of major conversion factors adopted.

Consistency

Unless otherwise stated, the preparation method adopted by the Report is consistent with that of the previous reporting period to allow meaningful comparison with the ESG information of the Group for the Reporting Period by readers.

Balance

The adoption of this principle is reflected in various sections of the Report.

PUBLICATION METHOD

The Report offers both Chinese and English versions for readers’ perusal. Where discrepancies arise in interpreting the contents, the Chinese version prevails. You can access the Chinese and English electronic versions of the Report on the official website of the Company (<http://www.cdb-leasing.com>) and the HKEXnews website of the Hong Kong Stock Exchange.

OPINIONS AND FEEDBACK

If you have any enquiry, feedback or opinion about the Report or its contents, you are welcome to contact us by the following methods:

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Tel: 86-755-2398 0999

Fax: 86-755-2398 0900

Official website: <http://www.cdb-leasing.com>





CHAIRMAN'S STATEMENT



Dear readers,

On behalf of the Board, I would like to sincerely thank you for your concern and support to CDB Leasing in the past year!

2021 is the first year of the 14th Five-Year Plan and marked the beginning of a new journey for China to build a socialist modern country in an all-round way. Faced with the severe and complex economic and financial situation and the novel coronavirus pneumonia pandemic (the "COVID-19 pandemic" or "pandemic"), CDB Leasing stepped up efforts to undertake its responsibilities, thoroughly implemented the new development concept, comprehensively promoted pandemic prevention and control and business development, and made steady progress in performance and quality while maintaining stability. As at the end of the Reporting Period, the Group's total assets reached RMB341.838 billion, a year-on-year increase of 12.70%; new business investment amounted to RMB126.16 billion, exceeding RMB100 billion for two consecutive years; net profit was RMB3.922 billion, a year-on-year increase of 20.0%; non-performing asset ratio was 0.67%, staying below 1% for five consecutive years and hitting a record low. While our performance was stable and improving, we undertook our social responsibility in all aspects by improving our ESG management system and earnestly assuming social responsibility and obligations as a corporate citizen.

ENHANCING NATIONAL COMPETITIVENESS AND SERVING NATIONAL STRATEGIES

We fully leveraged the characteristic advantages in financing in cash and financing in kind to actively support national strategies, increased the coverage of key regions to facilitate coordinated regional development, served strategic emerging industries and supported the development of the real economy. We explored innovative inclusive financial models, achieved a breakthrough in our first direct lease to consumers, and further increased support for small and micro enterprises. We also put into play the role of finance in facilitating rural revival and constantly improved our ability to support and serve national strategies with financial leasing.



STABLE AND ENDURING DEVELOPMENT UNDERPINNED BY PERSEVERANCE IN SOUND OPERATIONS

We built solid lines of defence against risks, continuously improved the comprehensive risk management system, enhanced capabilities in risk resolution and control, and incorporated ESG risks into the risk management system; continuously strengthened integrity-based operation and business compliance, and stepped up anti-corruption and anti-money laundering efforts; strengthened intellectual property rights protection and information security, made use of digital technology to empower us in offering quality services to customers, and implemented responsible and integrity-based supply chain management.

IMPROVING PEOPLE'S LIVELIHOOD AND UNDERTAKING SOCIAL RESPONSIBILITY

We undertook our responsibility as a social citizen and proactively participated in the construction of rural infrastructure for education; performed practical tasks for the masses, united all sectors of society to donate money for educational causes, and promoted anti-fraud knowledge to the elderly in the community; encouraged our young volunteers to serve on the front line of pandemic prevention and control and live up to their responsibility as young employees of CDB Leasing.

BEING UPRIGHT AND INNOVATIVE IN OUR PRACTICE TO ACHIEVE THE GOALS OF CARBON PEAK AND CARBON NEUTRALITY

We put into practice the concept of green development, based ourselves on the origin of leasing business, innovated in green financial products and services, and helped achieve the goals of carbon peak and carbon neutrality to contribute to green development. In order to help achieve carbon peak and carbon neutrality, we enhanced our service capabilities in low-carbon business areas such as eco-friendly ships, energy-saving aircraft, clean energy and green transportation. We also strengthened green operation and called on employees to put into practice the concept of environmental protection and jointly create a low-carbon office environment.

PROPELLING THE COMPANY BY TALENTS AND GROWING WITH EMPLOYEES

We put great emphasis on talent management. As such, we made efforts to build an equal, innovative, dynamic and harmonious work atmosphere, protect the rights and interests of employees, and improve human resource management, covering compensation management, performance appraisal and employee promotion. We also cared about the physical and mental health of employees and offered assistance and care to employees. With an aim to build a quality team of officers, we established a comprehensive training system to help employees grow and develop their career, and built a professional, united and warm staff team to provide strong support for business development.

In the challenging year of 2022, CDB Leasing will strive to accomplish the mission of serving the real economy, leverage its long business history, leading market position, mature business models and excellent brand reputation to undertake its responsibilities, thoroughly implement the new development concept, continue to maintain steady growth and industry-leading advantages, upgrade business models and improve professional service capabilities to achieve sustainable development and attain the vision of building a world-class financial leasing company!





1. ABOUT US

1.1 CORPORATE OVERVIEW

China Development Bank Financial Leasing Co., Ltd., a national non-banking financial institution regulated by the China Banking and Insurance Regulatory Commission (“CBIRC”), is the first listed financial leasing company in mainland China and the sole listed leasing business platform of China Development Bank. Founded in 1984, CDB Leasing is a pioneer and a leader in the leasing industry in the People’s Republic of China (the “PRC” or “China”). Adhering to the mission of “Leading China’s leasing industry, serving the real economy”, the Company is dedicated to providing comprehensive leasing services to high-quality customers in fields including aviation, infrastructure, shipping, inclusive finance, new energy and high-end equipment manufacturing, with leasing assets and business partners throughout over 40 countries and regions all over the world, enjoying relatively high international credit ratings, namely “A1” by Moody’s, “A” by Standard & Poor’s and “A+” by Fitch.

As one of the first leasing companies established in the PRC, CDB Leasing has witnessed and participated in the development of the PRC leasing industry, experienced various economic cycles in the industry and regulatory reforms, and gained abundant experience through our exploration in business sectors, product innovation, risk management and control, operation management and other aspects. At the same time, CDB Leasing has been continuously adhering to the balanced development of scale, quality and efficiency. Through exploration of different business sectors in a planned manner, continuous product innovation and business improvement as well as enhancement of corporate governance, CDB Leasing outpaced peers in terms of asset scale, profitability and risk control, and formed a business development model with obvious advantages of core competitiveness and prominent sustainable development capabilities.

As China unwaveringly pursues high-quality development and continuously enhances the ability of finance to serve the real economy, the PRC financial industry becomes more market-oriented and international and the market demand for bespoke leasing products and services is increasing, and the leasing industry is experiencing important development opportunities. We believe that our long operating history, leading market position, well-developed business model and premier brand will enable us to seize such opportunities, achieve sustained growth, and continue to maintain our leading position. We will constantly upgrade our business model, improve our professional service capabilities and strive to move forward for achieving the vision of building a world-class financial leasing company.

Milestones of Development

2021	Consolidation of the development resources of our Fintech business to establish the Technology Leasing Business Department.
2020	Commencement of the exploration of digital transformation of the leasing business.
2019	Establishment of three business divisions, i.e. inclusive finance, new energy and equipment, and ships.
2018	Formulation of new corporate development strategy; completion of and relocation to our new office building, i.e. CDB Financial Center.
2016	Listed on the Main Board of the Hong Kong Stock Exchange as the first listed financial leasing company under the regulation of the CBIRC (stock code: 1606.HK). Establishment of CDB Aviation Lease Finance Designated Activity Company (“CDB Aviation Lease Finance DAC”), the first aviation specialty subsidiary established overseas with approval from the CBIRC.
2015	Renamed as China Development Bank Financial Leasing Co., Ltd. upon completion of our joint-stock reform.
2014	Purchase of 130 mainstream narrow-body aircraft from Boeing and Airbus. Received the same international credit rating as the PRC’s sovereign credit rating from Moody’s and Fitch.
2008	China Development Bank became our controlling shareholder with approval from the CBIRC. Our Company was renamed as China Development Bank Financial Leasing Company Limited, which was then the largest leasing company in terms of registered capital in the PRC.
1994	Approved by the People’s Bank of China to engage in financial services.
1984	Our predecessor, Shenzhen Leasing Company Limited, was established.

Major Business Models and Their Functions

Direct Leasing	Assisting clients to acquire high-tech, high value assets through optimal financial service solutions.
Sale-Leaseback	Reviving fixed assets held by clients by providing capital support for their development.
Leased Assets Transactions	Using assets optimally to generate sustainable value.



1.2 CORPORATE CULTURE

Mission	Vision	Values	Strategic Positioning	Operation Philosophy	Risk Philosophy
Leading China's leasing industry, serving the real economy	Building a world-class financial leasing company	Stability, professionalism, integrity, win-win	Digital transformation, market-oriented, professional, international	Balance between scale, quality and efficiency, innovation, compliance, sustainable development, consistent values among shareholders, the Company and employees	Everyone is equal in the face of risks and everyone is responsible for risk control

1.3 ACCOLADES RECEIVED IN 2021

In 2021, the Group strived to achieve better results while actively undertaking our ESG responsibility, gaining greater social influence and higher brand value. The table below sets out some of the accolades we received in 2021:

Time	Accolade
In January 2021	CDB Leasing won the “Best Financial Institution” award at the 5th Golden Hong Kong Stocks Awards Ceremony hosted by Zhitong Finance.
In November 2021	CDB Leasing received the “Most Competitive Financial Leasing Company” award at the “2021 Gold Medal List of Chinese Financial Institutions – Golden Dragon Award” ceremony hosted by Financial News.
In December 2021	CDB Leasing was awarded the title of “Most Influential Financial Leasing Company” at the Global Leasing Industry Competitiveness Forum.
In December 2021	CDB Leasing won the “Social Responsibility Award of the Year” at the “15th Financial Awards – Golden Banyan Awards” ceremony hosted by Shenzhen Special Zone Daily.
In December 2021	CDB Leasing won the “2020-2021 Excellent Case Award for Green Finance” in the “Shenzhen Banking Industry Social Responsibility Excellent Case Selection” hosted by Shenzhen Banking Association.



Best Financial Institution, Golden Hong Kong Stocks Awards



Outstanding Award for Green Finance in Support of the Real Economy



Most Competitive Financial Leasing Company



Most Influential Financial Leasing Company



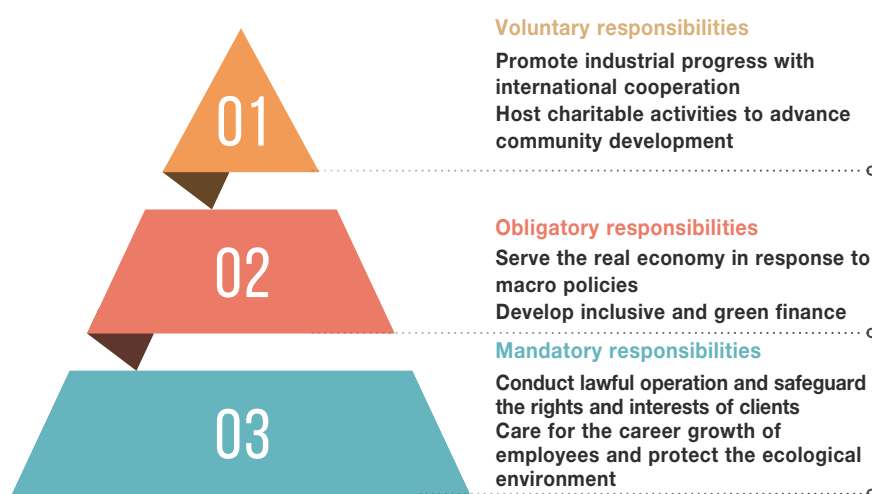


2. ADOPTING RESPONSIBILITY MANAGEMENT AND PUTTING ESG CONCEPTS INTO PRACTICE

2.1 ESG STATEMENT OF THE BOARD

To systematically and fully manage ESG matters and put into practice its sustainable development concepts, the Group incorporates corporate ESG management into the Company's strategies and regularly discloses ESG information in compliance with the relevant ESG laws and regulations involved in its business operation and the Company's internal rules and regulations (for details, please refer to Appendix 1), pursuant to the ESG Reporting Guide of the Hong Kong Stock Exchange and with reference to the Opinions on Strengthening the Social Responsibility of Banking Financial Institutions 《關於加強銀行業金融機構社會責任的意見》 of the CBIRC and the Guidelines on Environmental Information Disclosure for Financial Institutions 《金融機構環境信息披露指南》 of the People's Bank of China.

We have established a tiered social responsibility model based on three tiers – mandatory, responsibilities, obligatory responsibilities and voluntary responsibilities, to guide the Group to undertake its social responsibility. Meanwhile, we integrate the requirements for sustainable development in business operation, risk management and stakeholder engagement, continuously raise awareness of sustainable development, and unite the efforts of the Board, the management and relevant business departments to jointly and fully implement sustainable development initiatives.



Social Responsibility Model

The Group has established an ESG governance system with synergy across various levels and clear division of responsibility, forming a tiered management system comprising the Board, Leading Group for ESG Work and its office.





ESG Governance Structure

ESG Governance Structure	Composition	Main Responsibilities
The Board	Board members	<ul style="list-style-type: none"> The highest decision-making body for ESG work Approve the Company's important matters including ESG management strategies, ESG plans, annual ESG reports, etc., supervise the implementation of ESG management strategies and ESG plans Incorporate ESG-related risks into the Company's comprehensive risk management system for effective supervision Receive the Company's report on ESG work on a regular basis
Leading Group for ESG Work	Group leader: Chairman Deputy group leader: President, Secretary to the Board Members: heads of various business divisions and departments	<ul style="list-style-type: none"> Responsible for materiality assessment of matters related to ESG in the process of the Company's operations and management and decide on disclosure items related to ESG Supervise and examine the implementation of ESG goals upon the request of the Board Consider important matters related to ESG management to be reported to the Board Report to the Board on ESG management (including but not limited to assessment, priority and ranking and management of important matters related to ESG)
Office of the Leading Group for ESG Work	Led by the Office of the Board, members include contact persons for ESG work of various business divisions and departments	<ul style="list-style-type: none"> Formulate the Company's draft ESG management approaches, strategies, priorities and goals, carry out the Company's ESG work, and establish and improve ESG management systems, norms and procedures Conduct analysis on the potential risks, opportunities and relevant impact of important ESG matters on the Company's business strategies, and assist in monitoring the implementation and outcome of ESG work in accordance with the Company's risk management and internal control systems Arrange and coordinate with relevant functional departments for implementing the Company's work related to ESG Arrange and coordinate with relevant functional departments to prepare annual ESG reports Responsible for collecting, collating and submitting information and data related to ESG work Assist in ESG publicity and training and stakeholder engagement to establish a good corporate image





The Group will continue to improve its ESG governance structure, further step up the participation of the Board in managing ESG matters, further refine the work and responsibilities of the Board and the Leading Group for ESG Work and enhance the coordination of ESG management at all levels to fully boost our capability in sustainable development.





2.2 RESPONDING TO THE CALL OF THE UNITED NATIONS' SUSTAINABILITY DEVELOPMENT GOALS

The United Nations' Sustainable Development Goals ("SDGs") are goals set by the United Nations to call on all countries and all stakeholders to take joint actions for mankind, the planet and prosperity, as well as world peace and freedom. Upholding the philosophy of actively undertaking corporate social responsibility, the Group takes the initiative to support the United Nations' SDGs through deeds by taking relevant actions in its business operation and daily operation and management, as well as participating in community investment activities. In 2021, the Group identified 12 sustainable development goals closely related to itself on the basis of the SDGs and China's National Plan on Implementation of the 2030 Agenda for Sustainable Development and taking into consideration its actual situations. We succinctly set out in the table below the major actions undertaken by the Group in the Reporting Period in response to the call of the SDGs:



United Nations' SDGs	China's National Plan on Implementation of the 2030 Agenda for Sustainable Development	Major Sustainable Development Actions Undertaken by the Group in 2021
SDG1 No poverty 	<ul style="list-style-type: none"> Take classified and calibrated alleviation measures for rural population living in poverty. Establish and improve a fairer and more sustainable social security system, improve the social insurance system, and implement a universal insurance plan. 	<ul style="list-style-type: none"> We invested funds in old revolutionary base areas to consolidate poverty alleviation achievements. We paid the Five Insurances and One Fund, purchased accidental injury insurance, accidental medical insurance, supplementary medical insurance, and supplementary insurance for major diseases for employees. We provided overseas employees with increasingly complete employee insurance plans, covering pension insurance, health insurance, life insurance and disability insurance.
SDG3 Good health and well-being 	<ul style="list-style-type: none"> Facilitate equality and accessibility of basic health care services. 	<ul style="list-style-type: none"> We arranged employees to undergo physical examinations and invited experts from professional physical examination institutions to propose health care measures for employees on a regular basis. We continuously improved the infirmary and expanded the scope of emergency medicine supply to meet the demands for daily and pandemic prevention medicines.
SDG 4 Quality education 	<ul style="list-style-type: none"> Protect the education rights of each person including underprivileged groups. Improve the conditions for running disadvantaged schools and boarding schools. 	<ul style="list-style-type: none"> We made donations to 4 schools in Yunnan and Guizhou to improve local teaching facilities and students' living conditions. We donated teaching supplies to Pingnan School in Longgang District, Shenzhen, with children of migrant workers as recruitment targets.
SDG5 Gender equality 	<ul style="list-style-type: none"> Adhere to the national policy of gender equality and eradicate all forms of discrimination and prejudice against females. Strengthen women's employment and entrepreneurship capabilities and develop public childcare services. 	<ul style="list-style-type: none"> We prohibited all manners of inequality and discrimination based on ethnicity, gender, age, family status and other factors. We protected the rights and benefits of female employees during pregnancy, childbirth, and breastfeeding.



United Nations' SDGs	China's National Plan on Implementation of the 2030 Agenda for Sustainable Development	Major Sustainable Development Actions Undertaken by the Group in 2021
SDG6 Clean water and sanitation 	<ul style="list-style-type: none"> Build a water-saving society in an all-round way by enforcing strictest water resources management system, and strengthening water demand and water consumption management. Work toward full coverage of water hygiene infrastructure to achieve access to adequate and equitable sanitation and hygiene for all. Implement the Water Pollution Prevention and Control Action Plan 《水污染防治行動計劃》 to increase the proportions of good quality water in qualified treatment of sewage water. 	<ul style="list-style-type: none"> We treated water using reclaimed water treatment system to recycle water for cleaning and greenery maintenance outside the building. We adopted water conservation measures such as screening and checking water supply equipment and pipes, using sensor-activated water taps and posting slogans to promote water conservation. We established mechanisms for maintaining water use records and conducting statistical analysis. We invested funds to help boost municipal sewage treatment capacity and renovate sewage facilities in old revolutionary base areas.
SDG7 Affordable and clean energy 	<ul style="list-style-type: none"> Enhance the energy structure by improving fossil fuel efficiency and increasing the share of clean energy consumption. Set up a clean, low-carbon, safe and efficient modern energy system. 	<ul style="list-style-type: none"> We stepped up the development of green leasing business, including energy-saving aircraft, environment-friendly ships, clean energy infrastructure and new energy bus. We put the requirements of green development into practice and pushed ahead with achieving carbon dioxide emission reduction, etc. for the benefit of the environment.
SDG8 Decent work and economic growth 	<ul style="list-style-type: none"> Implement the Made in China 2025 《中國製造2025》 strategy to promote the manufacturing industry in the direction of advanced, smart, green and service-oriented development. Establish inclusive finance services and security systems to meet the requirements of a moderately prosperous society. Improve employment and entrepreneurship services and launch a lifelong vocational training initiative. Crack down on illegal and criminal activities such as child labor and forced labor in accordance with the law. Protect workers' legitimate rights and interests such as remuneration, rest, vacation, social security, etc. 	<ul style="list-style-type: none"> We proactively implemented the preferential policy of deferred rent payment for small and micro enterprises and supported them in fighting the COVID-19 pandemic. We continued to increase the supply of funds for inclusive finance business. We strictly verified the identity certification materials of recruits to confirm that they are of legal working age and to prohibit child labor. We provided employees with market-competitive salary, established an enterprise annuity mechanism, protected employees' legal rights to rest and vacation. We established a sound training system for employees.





United Nations' SDGs	China's National Plan on Implementation of the 2030 Agenda for Sustainable Development	Major Sustainable Development Actions Undertaken by the Group in 2021
SDG9 Industry, innovation and infrastructure 	<ul style="list-style-type: none"> Accelerate the improvement of a safe, efficient, smart, green and interconnected modern network of infrastructure. Upgrade infrastructure such as water conservancy, railway, road, water transportation, civil aviation, general-purpose aviation, pipeline, and postal services, and accelerate the upgrading and transformation of traditional industries. Keenly promote development of the information industry. 	<ul style="list-style-type: none"> We invested RMB61,568.6 million in infrastructure business during the Reporting Period. During the Reporting Period, investment in key strategic areas such as the Yangtze River Economic Belt, Guangdong-Hong Kong-Macao Greater Bay Area, Beijing-Tianjin-Hebei and Yangtze River Delta increased by 22.4% year-on-year, accounting for over 70% of the Group's total investment. We continued to push ahead with innovation, exploration and research, keenly supported self-reliance and self-improvement in technology, helped develop professional, sophisticated, unique and novel enterprises, served advanced manufacturing industries and successfully implemented projects in the fields of integrated circuit and Internet data centre (IDC).
SDG10 Reduce inequality 	<ul style="list-style-type: none"> Safeguard social fairness and justice and protect people's right to equal participation and equal development. Increase individual income along with economic development and enhance work remuneration along with improvement in work productivity. 	<ul style="list-style-type: none"> We further improved the fair promotion mechanism. We encouraged employee diversity and prohibited all manners of inequality and discrimination based on ethnicity, gender, age, family status and other factors.
SDG11 Sustainable cities and communities 	<ul style="list-style-type: none"> Implement the strategy of giving priority to public transport development and promote the establishment of a sustainable urban transport system. Comprehensively elevate the standards for management of urban municipal solid waste. 	<ul style="list-style-type: none"> We keenly maintained cooperation with bus companies and new energy vehicle manufacturers and opened up the upstream and downstream financing channels in the new energy bus industry. We appointed a third-party professional company for unified recycling of hazardous waste. We regulated the scrap management and control process for electronic equipment.
SDG12 Responsible consumption and production 	<ul style="list-style-type: none"> Fully enforce the extended producer responsibility system and encourage enterprises to comprehensively implement the concept of sustainable development in production and management. 	<ul style="list-style-type: none"> For projects involving the use of environment friendly materials, we required suppliers to provide product-related certification documents and, if necessary, submit the materials to professional institutions for testing. For construction projects, we required suppliers to perform environmental protection responsibilities during the construction process, conduct disciplined construction and avoid negative impact on the environment and surrounding residents. We purchased leasing products, such as ships, aircraft machinery and equipment and new energy vehicles, with better performance in environment protection.
SDG13 Climate action 	<ul style="list-style-type: none"> Actively adapt to climate change and strengthen resilience to climate risks in agriculture, forestry, water resources and other key fields, as well as in cities, coastal regions, and ecologically vulnerable areas. Spread knowledge about climate change and low-carbon development, and encourage public participation in actions to address climate change. 	<ul style="list-style-type: none"> We seized the potential opportunities for the green leasing business in climate change scenarios and explored innovative green leasing products. We focused on the field of clean energy, increased investment in this field and vigorously supported the development of the clean energy industry. We secured the first green loan for Chinese financial institutions from Standard Chartered China. We vigorously promoted the development of energy-saving ship and energy-saving aircraft leasing business.



2.3 STAKEHOLDER ENGAGEMENT

Maintaining good and smooth communication with stakeholders is one of the important tasks of the Group for achieving sustainable development. The Group considers both the “impact of the enterprise on stakeholders” and “influence of stakeholders on the enterprise” to identify major stakeholders, including governments and regulatory authorities, shareholders and investors, clients, employees, suppliers and partners, media, communities and the public, based on the characteristics of the industry and its development strategy. By establishing an effective communication mechanism, we actively maintain communication with all stakeholders to fully understand their appeals and expectations, and actively respond to their appeals, so as to work with all parties to achieve common sustainable development.

Major Stakeholder	Appeal and Expectation	Communication and Response
Governments and regulatory authorities	Abide by laws and regulations for lawful operations Create job opportunities and pay taxes in accordance with the law Support regional and industry development	Ensure compliant operations and assure compliant management Pay full taxes timely to generate tax revenues and create job opportunities Conduct relevant business activities in response to major national policies
Shareholders and investors	Corporate governance and value creation Information disclosure and risk control	Improve corporate governance to enhance corporate value continuously Timely disclose information Set up a mechanism for communication with shareholders and investors
Clients	Product and service quality Protection of clients' rights and interests	Ensure product and service quality Improve the post-leasing management mechanism Improve client service workflow Improve the client complaint handling system Improve the client communication mechanism
Employees	Protection of basic rights and interests Reasonable salary and welfare Promotion and growth channels Protection of health and safety Employee care	Abide by employment laws and regulations and perfect the employment system Adopt a competitive salary system Promote transparency of the promotion mechanism Arrange career training for staff growth Offer health examinations and other staff care benefits
Suppliers and partners	Fair procurement mechanism Mutually beneficial and win-win cooperation with partners Supply chain with integrity	Deepen win-win cooperation with suppliers Maintain sound relations and trustworthiness with different suppliers Sign the Agreement on Integrity in Bank-Enterprise Cooperation 《銀企合作廉潔從業協議》 with various suppliers
Media	Sound interactions with the media Information disclosure	Improve the media communication mechanism Disclose information via multiple channels
Communities and the public	Support community development	Made philanthropic donations and carried out social charity and volunteer activities Positive interaction with NGOs

Major Stakeholders and Communication on Relevant Issues





2.4 ASSESSMENT OF MATERIAL ISSUES

Based on its business characteristics and future development direction and taking into account the practice of peers, the Group conducted materiality assessment based on the principle of “materiality” by using a survey questionnaire prepared for stakeholders and distributing it to identified stakeholders to gain insight into their expectations and appeals.

In the preparation stage for the assessment of material issues, the Group used the disclosure requirements set out in the ESG Reporting Guide as the basis, made reference to the Sustainability Accounting Standards Board’s material issues for industries related to finance and peers’ issues of concern, and then conducted reviews on the material issues of previous years to build and update the database of potentially material issues for the Reporting Period.



On this basis, the Group collected stakeholder expectations from the two dimensions of “importance to CDB Leasing” and “importance to stakeholders” through an online questionnaire survey. The directors and senior management of the Group actively participated in the materiality assessment and ranked potentially material issues from the dimension of importance to CDB Leasing; and the results were combined with the ranking by stakeholders, including governments and regulatory agencies, shareholders and investors, clients, employees, suppliers and partners, from the dimension of importance to such stakeholders.

Based on the survey results of the questionnaire, we made assessment from the two dimensions of “importance to CDB Leasing” and “importance to stakeholders” on a scale of 1-10, drew the materiality assessment matrix of ESG issues, screened issues with a score of over 5 in both dimensions as the key concern for response in the content of the Report, and finally determined 8 issues as material issues (including 2 environmental issues and 6 social issues). These issues will be the key disclosure items in the Report and the focus of future ESG work.





Materiality Assessment Matrix of ESG Issues

Aspect	Material Issue	Section for Response
Environmental	Green finance	Being Upright and Innovative in Our Practice to Achieve the Goals of Carbon Peak and Carbon Neutrality
	The environment and natural resources	Being Upright and Innovative in Our Practice to Achieve the Goals of Carbon Peak and Carbon Neutrality
Social	Stakeholder engagement	Adopting Responsibility Management and Implementing ESG Concepts
	Health and safety	Propelling the Company by Talents and Growing with Employees
	Product responsibility	Stable and Enduring Development Underpinned by Perseverance in Sound Operations
	ESG risk management	Stable and Enduring Development Underpinned by Perseverance in Sound Operations
	Inclusive finance	Enhancing National Competitiveness and Serving National Strategies
	Employment	Propelling the Company by Talents and Growing with Employees





3. ENHANCING NATIONAL COMPETITIVENESS AND SERVING NATIONAL STRATEGIES

The Group proactively adapted to market changes and policy requirements, followed relevant national strategies such as accelerating coordinated regional development and supporting new infrastructure, new urban development initiatives and major projects, strengthened the top-level planning for business development, incorporated the coordinated development of state-designated key regions and serving the real economy and manufacturing industry into the Company's development strategy and business development planning for the 14th Five-Year Plan, and continuously enhancing its infrastructure leasing business structure. Up to the end of the Reporting Period, we had rendered infrastructure leasing services to 30 provinces, autonomous regions and municipalities directly under the central government. Meanwhile, we continuously increased the percentage of business volume in key strategic regions, served rural revival, supported the development of advanced manufacturing industries and facilitated industry transformation and upgrading.

3.1 ASSISTING IN BOOSTING REGIONAL ECONOMIC GROWTH

The Group thoroughly implemented the instructions of the CPC Central Committee on supporting key regions and key areas, and further concentrated its business in state-designated key regions such as the Yangtze River Economic Belt, Guangdong-Hong Kong-Macao Greater Bay Area, Beijing-Tianjin-Hebei region and Yangtze River Delta. The Group's investment in the above key strategic regions increased by 22.4% year-on-year and accounted for over 70% of the Group's total investment.

Leveraging its resource advantages in the field of infrastructure, the Group focused on serving key strategic regions designated by the state. In 2021, the Group issued two versions of the 2021 Guidelines for Evaluation of Infrastructure Business Development to classify infrastructure business from three dimensions – region, industry and customer, so as to increase the Group's support for state-designated key regions through leasing business.



Case: CDB Leasing Supported the Coordinated Development of the Beijing-Tianjin-Hebei Region

The coordinated development of the Beijing-Tianjin-Hebei region is a national strategy highly valued and supported by the Group. Tianjin, as a core part of the strategy, is a key region for our long-term development. Urban rail transit, being a core part of urban public transport, is featured by being energy-saving, highly efficient, weather-proof, causing no or little pollution and safe. The construction of rail transit projects can help enhance the urban spatial layout, drive the development of the city along rail transit lines and improve the operational efficiency of the city, which is of great significance to improve the comprehensive competitiveness of the city and achieve the green, efficient and sustainable development of the city.

In 2021, the Group invested a total of RMB1.5 billion in long-term and low-cost lease to support the construction of rail transit in Tianjin, in an effort to help Tianjin enhance its comprehensive strength and promote the implementation of the Beijing-Tianjin-Hebei integration strategy.



▲ Tianjin Metro Project



3.2 SUPPORTING RURAL REVIVAL AND CONSTRUCTION

The Group resolutely implemented the Guiding Guidelines on Finance Serving Rural Revival 《關於金融服務鄉村振興的指導意見》 issued by five institutions including the People's Bank of China, China Banking and Insurance Regulatory Commission, and China Securities Regulatory Commission, used green financial products to serve rural revival and strived to create role models of development-based finance serving rural revival.

In 2021, we executed a number of green leasing projects in poverty-stricken areas, including three regions and three prefectures as well as old revolutionary base areas. Such projects organically combined the consolidation of the achievements of poverty alleviation, the revival of old revolutionary base areas and green development to align with China's green energy and green finance strategies, and can create stable income for local poor households and improve the local ecological environment and people's livelihood based on local conditions as well. In addition, after the issuance of the Notice on the Pilot Scheme for Rooftop Distributed Photovoltaic Development in the Whole County (City, District) 《關於整縣(市、區)屋頂分布式光伏開發試點方案的通知》 by the National Energy Administration in 2021, we strengthened the research on distributed photovoltaic power generation in rural areas and installed photovoltaic panels on the roofs of farmers' houses, in a drive to bring economic benefits to farmers in poverty-stricken areas. In 2022, we will formally invest in such projects.



Case: CDB Leasing Promoted Green Leasing in Old Revolutionary Base Areas

In March 2021, the Group invested RMB850 million in the sale-lease back of Linyi's sewage pipes to help renovate and upgrade the sewage treatment facilities in the old area of Yimeng. The project involved 210 km of sewage pipes and a daily sewage treatment capacity of 120,000 tonnes and benefited 120,000 people, greatly improving the sewage collection and treatment capacity of Lanshan District, Linyi and surrounding towns.

In addition, the Group invested RMB1.31 billion in Fangshan County, Shanxi Province by means of financial leasing to support a local photovoltaic power station project. The power station generates more than 45,000 MWh of electricity every year. By earning income from selling electricity to the national grid and obtaining subsidies, 1,270 local poor households (approximately 4,000 residents) can each earn an additional annual income of RMB3,000, representing an increase in income of RMB3.81 million each year cumulatively.



▲ Photovoltaic power station project in Fangshan County





3.3 EMPOWERING STRATEGIC EMERGING INDUSTRIES

The Group vigorously expanded leasing business in the field of innovation and transformation, supported the self-reliance of science and technology, facilitated the development of professional, sophisticated, unique and novel enterprises, and served advanced manufacturing industries. During the year, our manufacturing investment increased by 50.3% year-on-year, and we successfully implemented projects in the fields of integrated circuit and IDC, further expanding our business scope.

In 2021, the Group completed special research reports in four fields: IDC, shield machine, oil & gas, and pumped storage hydropower. During the year, we shortlisted approximately RMB30 billion worth of innovation and transformation projects, involving fields such as integrated circuit, IDC, smart parking and education.



Case: CDB Leasing Supported the Development of the Integrated Circuit Industry

The integrated circuit industry is a national strategic, basic and leading industry, and is a key sector supported by the state. As the core of China’s information technology industry, the integrated circuit industry plays an important role in supporting economic and social development and ensuring national security.

With the leasing funds provided by the Group, the phase one chip production line of an integrated circuit company has been put into operation and the design installed capacity is expected to be attained in late 2022 to early 2023. The implementation of the project will help support the development of the integrated circuit industry and the upstream and downstream players, and facilitate the development of China’s information industry.



3.4 UNDERPINNING THE DEVELOPMENT OF SMALL AND MICRO ENTERPRISES

Since the establishment of the Inclusive Finance Business Department in 2019, the Group has been promoting the development of construction machinery and vehicle leasing business in accordance with the spirit of the CPC Central Committee and the State Council on the development of inclusive finance and in line with the national campaign of “finance serving the real economy”. In addition, the Group set up the Technology Leasing Business Department in 2021, used digital technology to achieve a breakthrough in our first direct lease to consumers for technology leasing business, and steadily built an inclusive finance system with diverse products, controllable risks, considerable scale, strong professionalism, prominent brand and excellent assets, thus creating a new pattern of stable and sustainable development of inclusive finance.

In order to support small and micro enterprises and benefit the real economy, the Group adjusted its products and services in terms of pricing and business conditions. During the Reporting Period, the overall loan interest rate of the construction machinery segment was lowered twice. In addition, the Group has formulated relevant policies to support small and micro enterprises in coping with the COVID-19 pandemic. On the one hand, in response to the central government’s policy call for deferring due payments as much as reasonably possible for inclusive finance business, the Group took the initiative to defer rent payments due from small and micro enterprises to reduce their liquidity risk, so as to help corporate and individual customers tide over the difficulties smoothly. In support of the policy, the Group processed rent payment deferral for approximately 4,000 customers in 2021. On the other hand, the Group continued to increase the capital supply for inclusive finance business to ensure the priority of inclusive finance.



Case: CDB Leasing Supported Small and Micro Customers in Disaster-stricken Areas in Henan

In late July 2021, a super rainstorm hit Zhengzhou and other areas in Henan Province, causing huge economic losses and psychological trauma to the local people. The Group had many small and micro customers of inclusive finance in the disaster-stricken areas. In the severely affected areas, our construction machinery business alone involved more than 180 lessees and more than 650 leased construction machines. In order to keep abreast of the situation of the lessees, the Group promptly investigated the impact of the disaster on the lessees by telephone, WeChat and other means, and formulated special financial schemes such as deferral of rent payments and waiver of liquidated damages to alleviate the financial pressure of small and micro customers as much as possible, so as to convey the warmth of inclusive finance.



▲ Severely flooded excavator parking lot





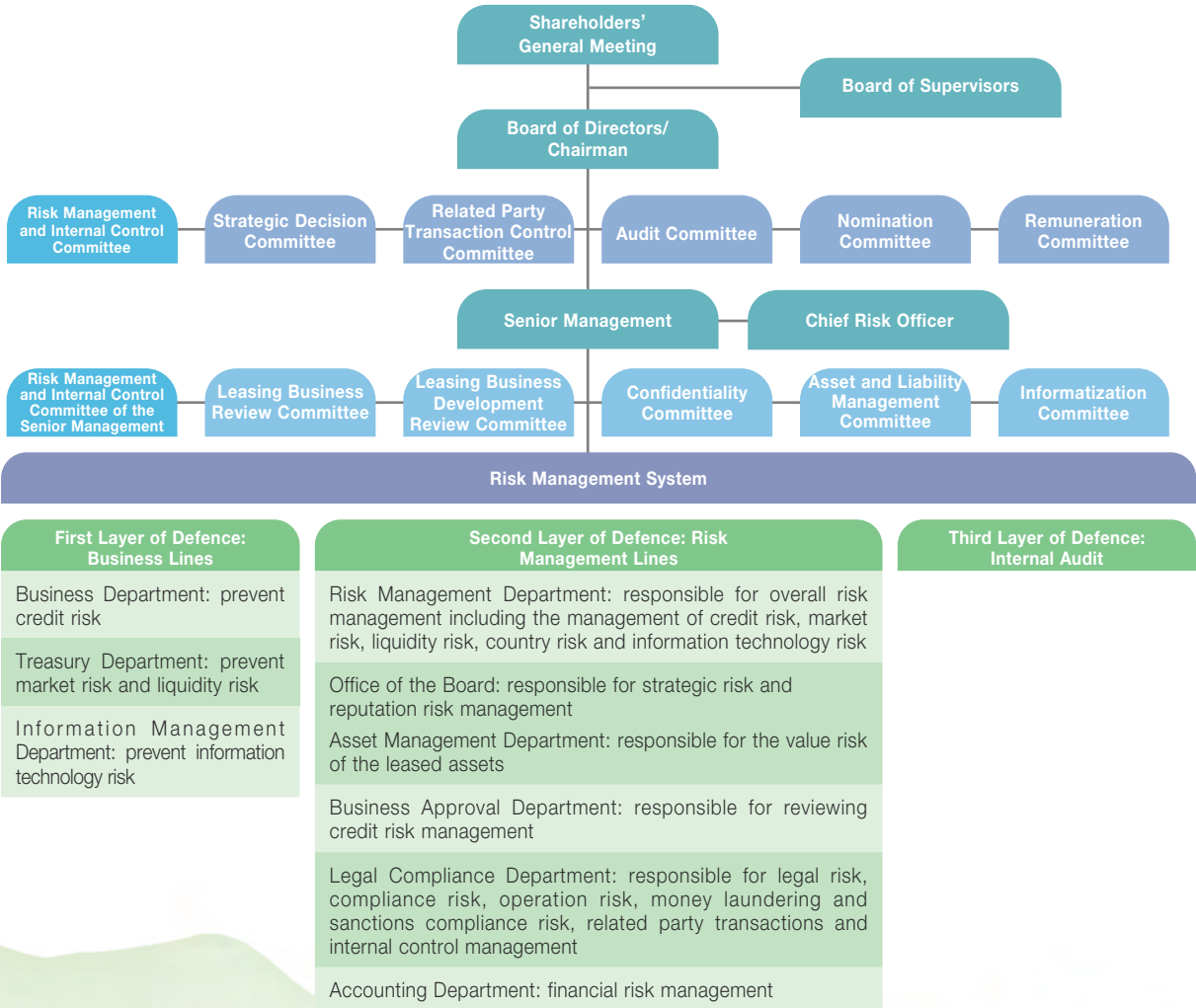
4. STABLE AND ENDURING DEVELOPMENT UNDERPINNED BY PERSEVERANCE IN SOUND OPERATIONS

In strict accordance with the *Company Law of the People’s Republic of China* 《中華人民共和國公司法》 and the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, the Group has continuously improved its corporate governance system; strengthened its risk prevention mechanism and attached importance to compliance and integrity in its operation; stepped up anti-money laundering actions and protected intellectual property rights from infringement; protected confidentiality and maintained national and information security; enhanced its service system and provided quality services; and worked with suppliers to build a responsible supply chain.

4.1 ENHANCING RISK CONTROL

Aimed at achieving quality development, the Group resolutely implements the decision and planning of the CPC Central Committee, strictly follows regulatory requirements, and executes regulatory policies. In 2021, the Group aimed strategically at supporting the sustainable development of business and enhancing its value through risk control. We continuously improved our comprehensive risk management system with a feature of all round and comprehensive process involving participation of all personnel, actively promoted and nurtured the risk philosophy and culture that everyone is equal in the face of risks and everyone is responsible for risk control, and formed a well-established risk management structure and system. To safeguard and protect our business development, we made every effort to better manage credit risk, market risk, liquidity risk, operation risk, anti-money laundering and sanctions compliance risk, information technology risk, country risk and reputation risk.

The Group established a risk management structure comprising the Board, senior management and relevant departments, forming three layers of defence in risk management comprising the business lines, the risk management lines and the internal audit department. During the Reporting Period, the Risk Management and Internal Control Committee of the Board held two meetings, and the Board met with the committee three times to listen to its opinions. The Risk Management and Internal Control Committee of the senior management held 12 meetings, at which a total of 39 topics were considered.



Risk Management Structure



In 2021, the Group continuously enhanced its comprehensive risk management system and revised internal systems such as the *Management Rules on for Stress Tests* 《壓力測試管理辦法》, *Management Rules on Country Risks* 《國別風險管理辦法》, *Management Rules on Corporate Credit Investigation* 《企業徵信工作管理辦法》 and *Management Rules on Project Companies* 《項目公司管理辦法》; improved its risk appetite, limit and early-warning management system; carried out risk identification and assessment to improve risk management ability; improved its stress test management system and enhanced the effectiveness of stress tests based on the Company's business characteristics.

During the Reporting Period, the Group also conducted ESG risk identification and assessment with a focus on climate change. Based on the value chain, business nature, policy factors at the place of operation, relevant public information in the leasing industry and risk factors recommended by TCFD, we conducted analysis on the potential impact of various types of risks on the operation and financial position of the Group. We designed and distributed an online questionnaire, and invited heads of relevant departments to assess various types of climate risks from the two dimensions of "possibility of risk occurrence" and "influence of risk occurrence". Based on the survey results of the questionnaire, we built a climate risk matrix. For details, please refer to the section headed Addressing Climate Change. These results enriched the connotation of our risk management. We will continue to improve our risk management system including ESG risks and implement risk management.

In order to improve employees' awareness of risk responsibility, the Group carried out several case studies of risk management during the Reporting Period to develop an internal risk culture through case analysis and discussion.



▲ Case studies of risk management





4.2 STRENGTHENING INTEGRITY IN OPERATION

The Group places great emphasis on integrity build-up, acts in strict compliance with relevant laws and regulations, and has formulated a series of internal management policies. In 2021, the Group continued to improve its internal integrity system. We formulated the *Several Measures on Strengthening the Responsibility Awareness of Discipline Inspection Liaison Officers and Stimulating Work Enthusiasm* 《關於強化紀檢聯絡員責任意識激發工作積極性的若干措施》 and *Several Measures on Encouraging Cadres and Employees to Take Responsibility and Implementing Fault Tolerance and Correction* 《關於激勵幹部員工擔當作為實施容錯糾錯的若干措施》; compiled and issued the *Employee Integrity Handbook* 《員工廉潔從業手冊》; revised the *Daily Supervision Measures of China Development Bank Financial Leasing Co., Ltd.* 《國銀金融租賃股份有限公司日常監督工作辦法》 and *Provisions on Accountability of Leading Cadres of China Development Bank Financial Leasing Co., Ltd.* 《國銀金融租賃股份有限公司領導幹部問責規定》. No corruption lawsuits were filed against the Group or its employees and were concluded during the Reporting Period.

Strengthening Routine Management

The Group values integrity in its daily management and promotes style build-up and anti-corruption efforts that are institutional, standard and regular. In 2021, the Group conducted special supervision and inspection on key posts, key personnel and key processes, identified integrity risk factors, and urged relevant internal departments to rectify the problems discovered in special supervision and inspection; combined day-to-day checks with central quarterly checks and strengthened the checks on employees' integrity and performance to timely discover and defuse integrity risks; updated in real time the cadre integrity records as an important reference for cadre selection, appointment, assessment and evaluation. The Group also made joint efforts to build integrity between banks and enterprises on a regular basis, and signed the *Agreement on Integrity in Bank-Enterprise Cooperation* with relevant customers and suppliers during the Reporting Period. In addition, the Group conducted regular risk assessments for fraud and engaged, when necessary, external professional auditors with anti-fraud experience to participate in these assessments.

Deepening Integrity Education

The Group continues to carry out integrity education, implements the arrangements and requirements to step up with building Party integrity, and continuously explores new models on integrity training. In 2021, the Group continued the integrity education focusing on case warning and daily publicity and education, and strengthened employees' awareness of integrity by compiling and issuing the *Employee Integrity Handbook* 《員工廉潔手冊》 and publicity periodicals on anti-corruption, and by holding special lectures on anti-corruption. In addition, at points of time prone to corruption, such as important festivals, the Group timely issued holiday reminders on integrity, and urged employees to maintain integrity and self-discipline during holidays.

In 2021, the Group carried out 12 anti-corruption training sessions, covering directors and all employees with training hours averaging 15.



▲ Seminar on anti-corruption



▲ Special meeting held by Party branch for self-inspection and self-correction



Strengthening Discipline Enforcement and Accountability

The Group upholds the principle of investigating into each report and fighting any form of corruption, and has well-established whistle-blowing channels and accountability mechanism. The Group encourages employees and other stakeholders to report corruption through telephone, e-mail and other channels. After receiving the reported cases of corruption and fraud, the Group will preliminarily verify the case, file the case for investigation and make the final punishment decision according to a well-established internal handling procedures for fraud cases. For tip-offs relating to the senior management, the Group will set up a special investigation team with the approval of the Board of the Company to conduct investigations, clearly demonstrate the Group's determination to strengthen discipline enforcement and accountability, and demonstrate our intolerance towards cases of corruption and fraud.

4.3 CONDUCTING ANTI-MONEY LAUNDERING MANAGEMENT

The Group strictly abides by relevant laws and regulations on anti-money laundering and continues to strengthen its internal anti-money laundering management system. During the Reporting Period, we revised several internal management documents including the *Management Rules on Anti-money Laundering and Sanctions Compliance* 《反洗錢和制裁合規管理辦法》 and *Management Rules on Anti-money Laundering Information* 《反洗錢信息管理辦法》.

In order to effectively control the money laundering risk in the business process, the Group improves its customer anti-money laundering due diligence mechanism, identifies customers and their beneficial owners, and classifies customer money laundering risks. We keep customer identity data and transaction records safely, and strengthen the monitoring, judgment and analysis of suspicious transactions to ensure timely identification and interception of abnormal customers or transactions.

The Group also actively uses scientific and technological means to improve its ability to manage anti-money laundering compliance risks. In 2021, the Legal Compliance Department of the Group took the lead in the successful launch and trial operation of the anti-money laundering system to support customer management, risk classification, transaction monitoring and suspicion reporting.

The Group regularly arranges employees to participate in relevant training activities held by the People's Bank of China and the head office of the China Development Bank to improve the professionalism of internal anti-money laundering talents. In 2021, the Group made arrangements for its internal employees to participate in the 2021 anti-money laundering training for the financial industry hosted by China Center for Financial Training, and all employees participating in the training successfully passed the examination.

4.4 PROTECTING INTELLECTUAL PROPERTY RIGHTS

In strict accordance with relevant laws and regulations on intellectual property rights, the Group has formulated the *China Development Bank Financial Leasing Co. Ltd.'s Management Rules on the Work of Intellectual Property Protection* 《國銀金融租賃股份有限公司知識產權保護工作管理辦法》 to regulate the creation, application and protection of the Group's intellectual property rights, and facilitate achievements in intellectual work to file as property. To ensure the correct use of VI (Visual Identity) of the Group, we require all departments to go through the internal application and approval process before using the Group's logo, standard character trademarks, standard colours and symbolic patterns in external publicity. In order to ensure not to infringe upon the intellectual property rights of others, the Group has strengthened the management of official platforms such as official website, official WeChat and Weibo, and uses genuine software with licensing to mitigate the risk of legal disputes arising from intellectual property rights during operation.

4.5 SAFEGUARDING INFORMATION SECURITY

The Group has formulated internal management systems such as *China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Information Security* 《國銀金融租賃股份有限公司信息安全管理辦法》, *China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Confidential Documents* 《國銀金融租賃股份有限公司機要文件管理辦法》 and *China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Outsourcing Staff Confidentiality* 《國銀金融租賃股份有限公司外包駐場人員保密管理辦法》 to regulate the management of information privacy protection and sensitive information management, effectively improving information security management standards and reducing the risk of information leakage. In 2021, the Group had no network intrusion, data loss or any other information security accidents.

The Group follows the principles of least privilege and separation of duties in setting system access rights, and deploys a network data leakage prevention system on the intranet; updates the deployment of information security protection systems and equipment, completes the upgrade of security protection equipment and systems, and achieves unified arrangements for information security protection. For three consecutive years since 2019, the Group has continued to participate in the filing, testing and evaluation of classified protection, established a long-term mechanism for the evaluation of information security protection level, comprehensively enhanced its information security technology protection system, and introduced third-party professional companies to provide professional information security service, thus comprehensively improving information security protection capability.





Furthermore, the Group has formulated the *Detailed Rules on the Implementation of Information Technology Emergency Response* 《信息科技應急實施細則》 to specify the emergency response institutions and corresponding responsibilities, emergency classification, relevant emergency measures and other related contents in case of information security accidents.



Case: CDB Leasing in National Cyber Security Attack and Defence Drill

In 2021, as a defensive unit, the Group participated in the national cyber security attack and defence drill conducted by the Ministry of Public Security for the second time. After three weeks of close preparation and 15 days of strict defence, we successfully completed the defensive task.

In the preparation stage, we set up a network protection working team headed by the Chairman and composed of all departments of the Company and external professionals; arranged employees to participate in information security training activities and improved their security awareness through various forms of publicity; checked and remedied deficiencies and strengthened technical deployment; and carried out a number of internal drills. In the drill stage, we adopted a 7*24-hour duty arrangement, and there was no invasion or impact on business due to the late discovery or handling by the personnel on duty.



▲ Realistic network security drill

In 2021, the Group revised the *China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Business Secrets* 《國銀金融租賃股份有限公司公司秘密管理辦法》 and other confidentiality systems, continued to strengthen confidentiality management, improved the confidentiality management system, ensured the performance of confidentiality responsibilities, and safeguarded the interests and operation security of the Company; purchased new equipment for confidentiality protection, conducted confidentiality testing in important places, carried out confidentiality self-inspection and random inspection, and implemented confidentiality work plan and implementation plan. In order to improve the security protection awareness of employees, we carried out various confidentiality publicity and training activities, and effectively improved the confidentiality awareness of all employees and the effectiveness of confidentiality protection by arranging all employees to conduct special checks on national security, answering questions on the WeChat public account of “Baomiguan” (保密觀) and our website, posting publicity posters, and playing the video on National Security Education Day on a loop to promote literacy in the law.





▲ Publicity and Education Month for National Security and Confidentiality activity



▲ Special training on confidentiality education

4.6 PROVIDING QUALITY SERVICES

The Group adopts a customer-oriented business development model, strives to provide customers with quality products and services, and creates value for customers.

In terms of product marketing and business promotion, the Company clearly specifies the principles, processes and requirements of marketing and publicity in strict accordance with the *Advertising Law of the People's Republic of China* 《中华人民共和国广告法》 and the requirements of regulatory authorities, so as to ensure customers' access to real and complete product information and protect customers' legitimate rights and interests.

To further improve post-lease management standards, the Group has set up a complaint hotline for micro and small enterprises and natural person customers since 2018, arranged special personnel to take charge and established a complaint feedback mechanism, so as to timely solve the problems fed back from customers during post-lease management. In order to address customer complaints in a timely and effective manner, the Group has formulated the *China Development Bank Financial Leasing Co. Ltd.'s Client Complaint Handling Measures* 《国银金融租赁股份有限公司客户投诉处理办法》, and established a multi-level and all-round customer complaint receiving and handling mechanism together with offices, the Board Office, Operation and Management Department, Compliance Management Department and Legal Affairs Department. We timely respond to customer complaints to ensure that the rights and interests of micro, small and medium-sized enterprises and natural person customers are legally protected. In 2021, the inclusive finance business of the Group handled 3 complaints and the problems fed back from customers were properly solved in accordance with relevant management rules.

In 2021, the Group made a breakthrough in the passenger car terminal retail business from scratch with 148,661 new end users, which also put forward new requirements for our service standards. Aiming at digital innovative development, the Group will comprehensively build an intelligent, efficient and inter-connected digital inclusive finance business system, embrace the new development pattern of "diversified products, digital risk control, online business and intelligent approval", enhance business processes and improve service efficiency, thereby continuously improving customer service quality and efficiency as well as customer satisfaction.





4.7 ADOPTING RESPONSIBLE PROCUREMENT

The Group is aware that a stable supply chain is conducive to promoting its sustainable development. To source quality products and services, the Group has formulated internal management systems including the *China Development Bank Financial Leasing Co. Ltd.'s Detailed Rules for the Implementation of Central Procurement* 《國銀金融租賃股份有限公司集中採購工作實施細則》 and *China Development Bank Financial Leasing Co. Ltd.'s Procurement Management Measures (Trial)* 《國銀金融租賃股份有限公司採購管理辦法(試行)》 to clearly specify supplier employment standards and review processes and daily management regulations, so as to regulate supplier management and control the environmental and social risks related to the supply chain.

The Group has established a central procurement system to manage procurement projects with an amount of RMB100,000 or more. We choose suppliers by invited bidding for projects with an amount of less than RMB1 million and by public bidding for projects with an amount of RMB1 million or more. In the preliminary bidding review process, the Group takes into comprehensive consideration the special requirements of specific procurement projects for supplier qualifications and related capabilities, reasonably sets the entry barriers, conducts qualification examination for potential suppliers, and confirms whether the suppliers have significant illegal records in business activities, whether they are listed as untrustworthy persons subject to enforcement and whether there are other conditions that do not meet the prescribed conditions to assure the selection of quality suppliers with sufficient strength, excellent performance and good reputation.

We set up the Procurement Committee which is responsible for the whole process management of project initiation and approval. The committee comprises the Legal Compliance Department and the Discipline Committee Office which are responsible for reviewing the integrity risks in the procurement process. We have signed the *Agreement on Integrity in Bank-Enterprise Cooperation* 《銀企合作廉潔從業協議》 with various suppliers to manage integrity risks.

To better deal with the environmental and social risks related to the supply chain, we set strict terms for suppliers to avoid such risks. For projects involving the use of environment friendly materials, the Group requires suppliers to provide relevant ISO certification documents. For service projects, the Group requires suppliers to provide evidence for paying social security for employees. For construction projects, the Group requires suppliers to undertake their environmental protection responsibilities in the construction process, carry out disciplined construction in accordance with the law, and reduce negative impact on the environment and surrounding residents. Moreover, as our business inclines to green leasing, we pay more attention to the procurement of lower-carbon and environment friendly aircraft, ships, mechanical equipment and new energy vehicles, and put forward stricter requirements on safety and quality, energy conservation and emission reduction for suppliers. The Group's supplier management policy covers and applies to all suppliers. In the future, the Group will press ahead with the establishment of an integrated supplier base and strengthen supplier environmental and social risk management to jointly build a responsible supply chain.



Case: Supply Chain Management of Ship Leasing Business

Ship management companies are among the important suppliers for the Group's ship leasing business. The Group has formulated the *Management Rules on Ship Management Companies* 《船舶管理公司管理辦法》, pursuant to which we select top ship management companies in the world through public bidding and form a qualified supplier base. When selecting suppliers, the Group concentrates on the number of ships managed by a ship management company, its management system, social responsibility performance, ISO45001 occupational health and safety management system certification, etc.



5. IMPROVING PEOPLE'S LIVELIHOOD AND UNDERTAKING SOCIAL RESPONSIBILITY

In accordance with the *Law of the People's Republic of China on Philanthropy* 《中華人民共和國慈善法》 and *Law of the People's Republic of China on Donations for Charity Causes* 《中華人民共和國公益事業捐贈法》, the Group vigorously supports rural revival, and steps up efforts in consumption poverty alleviation to promote common prosperity. We are enthusiastic about philanthropy and charity, care about the needs of surrounding communities, set up a platform for volunteer activities, promote the concept of charity and philanthropy, and actively undertake corporate social responsibility to jointly build a beautiful and harmonious society. In 2021, the Group completed the task of consumption poverty alleviation by purchasing poverty alleviation products of RMB330,000 in total.

5.1 COMPASSION IN RURAL EDUCATION

The development of rural education is an important fulcrum of the rural revival strategy. To implement the strategy, we have to give priority to the development of rural education. The Group continuously offers assistance to rural education, and strives to promote social equity by improving the quality of education in poverty-stricken areas.

We quickly completed the donation of RMB2.2 million for educational projects in Huaping County of Yunnan Province, Zheng'an County and Wuchuan County of Guizhou Province to support the improvement of teaching facilities and equipment, stadiums and students' living conditions in local areas. The donation was highly appreciated by the recipients, and we received a letter of thanks from Lijiang Huaping Girls' High School. They thanked us for our strong support for the educational efforts of the school and our care and love for children in mountainous areas.

Next, CDB Leasing will supervise the use of the donated money and the results of project implementation, and conduct on-site evaluation on the improvement of teaching facilities and equipment and students' living conditions in the schools receiving donation, so as to facilitate the implementation of the rural revival strategy and allocate more resources to support key areas for assistance. By doing so, we can contribute to consolidating and expanding the achievements in poverty alleviation and rural revival.



▲ Letter of thanks from Lijiang Huaping Girls' High School



5.2 HOSTING CHARITY ACTIVITIES

We gave full play to the vanguard and exemplary role of the youth volunteer service team of CDB Leasing and held various volunteer activities. During the year, we went to surrounding communities to bring warmth to the schools for children of migrant workers.



Case: CDB Leasing Donated to Pingnan School

In June 2021, CDB Leasing and the Third Branch of Shenzhen Taxation Bureau went to Pingnan School in Longgang District, Shenzhen to carry out the activity of Children Growing up with the Party and donated Party history books and daily teaching supplies to the teachers and students there.

Pingnan School in Longgang District, Shenzhen is a nine-year private school with limited teaching income. It admits children of migrant workers, helping some migrant workers solve the problem of separation from their left-behind children. In order to resolve the shortage of learning and teaching supplies in the school, CDB Leasing and the Third Branch of Shenzhen Taxation Bureau, based on a framework agreement, jointly raised funds to purchase Party history books and teaching supplies of the school that are in short supply. CDB Leasing also voluntarily encouraged its employees to donate to the school. Everyone actively donated money in the hope of making a modest contribution.



▲ Children Growing up with the Party education donation activity



5.3 GUARDING THE ELDERLY IN THE COMMUNITY

In November 2021, in order to enhance the elderly's awareness of preventing telecommunication fraud and protect the property safety of the elderly, we went to the surrounding communities to carry out the Party Day event with the theme of Building the Community Together and Doing Practical Things to Safeguard the Elderly. We invited the deputy director of the police station to, in collaboration with anti-fraud volunteers, explain scams to the elderly in the communities in simple language, teach them how to deal with the scams, and remind them to be vigilant in their daily lives. We will continue to uphold the service tenet of "Doing Practical Things for the Masses", undertake our social responsibility, provide heart-warming financial services to care for the elderly and help them lead a happy life.



▲ Theme event of Building the Community Together and Doing Practical Things to Safeguard the Elderly

5.4 ASSISTING IN PANDEMIC PREVENTION AND CONTROL

In March 2022 when Shenzhen was hit hard by COVID-19, to prevent and control the virus in key areas, with the support of the government and financial regulatory authority of Shenzhen, we carried out the volunteer solicitation activity of Volunteering to Fight the Pandemic Together and called on Party members, League members and young people to actively participate in anti-COVID-19 efforts. We dispatched 48 volunteers to communities with the heaviest tasks and the greatest manpower shortage, covering 11 closed and controlled areas, control areas and prevention areas. They put on thick protective clothing, carried out pandemic prevention work under the scorching sun, and went back and forth to community buildings every day to ensure that daily necessities and supplies were delivered to residents in a timely manner. They also promptly answered questions from residents who could not go outside to ease their anxiety, and worked with medical staff conducting nucleic acid tests to notify the elderly living alone and fellow residents to open their doors and take nucleic acid tests. At the critical moment of pandemic prevention and control, the volunteers stood up and volunteered to fight on the anti-COVID-19 front line, thus living up to their responsibility with concrete actions as employees of CDB Leasing.



▲ Young volunteers on the front line of pandemic prevention and control in the community





6. BEING UPRIGHT AND INNOVATIVE IN OUR PRACTICE TO ACHIEVE THE GOALS OF CARBON PEAK AND CARBON NEUTRALITY

The Group regards green development as one of the core values for its development, and the implementation of green and low-carbon finance strategy as an essential part of business development during the period of the 14th Five-Year Plan. To thoroughly implement the decisions and arrangements of the CPC Central Committee and the State Council on carbon peak and carbon neutrality, the Group actively follows policy documents including the Notice of the Action Plan for Achieving Carbon Peak by 2030 《2030年前碳达峰行动方案的通知》, Comprehensive Work Plan on Energy Conservation and Emission Reduction during the Period of the 14th Five-Year Plan 《“十四五”节能减排综合工作方案》 and Opinions of the CPC Central Committee and the State Council on Fully and Accurately Implementing the New Development Concept and Striving for Carbon Peak and Carbon Neutrality 《中共中央國務院關於完整準確全面貫徹新發展理念做好碳达峰碳中和工作的意見》. We integrate the concept of green and low-carbon development into our corporate governance, corporate culture, business development, operation management and the whole process of business approval, and continuously provide quality and efficient financial leasing services for green and low-carbon circular development to contribute to the in-depth adjustment of industry structure and the comprehensive green transformation of economic and social development.

6.1 PROMOTING ENERGY-SAVING AIRCRAFT BUSINESS

In 2021, the COVID-19 pandemic continued to exert significant pressure on the aviation industry. However, with the promotion of the global vaccine initiative and the gradual reopening of borders, the aviation network was restored and passenger volume significantly increased. Currently, the aviation industry remains an indispensable part of the world's transportation system. CDB Aviation Lease Finance DAC cooperates with existing and new airline customers and other industry stakeholders to seize the opportunity of industry recovery, takes the lead in promoting passenger-to-cargo conversions in the industry, explores new business growth drivers, and helps customers recover quickly from the pandemic and achieve economical and sustainable operation.

CDB Aviation Lease Finance DAC leverages the opportunities brought about by the market environment to carry out aircraft operating lease business and sale-leaseback business with quality customers. The business primarily regards the new generation energy-saving aircraft such as A320neo (new engine option) and 737MAX, which further increases the proportion of energy-saving aircraft of the Group, reduces fuel consumption and greenhouse gas emissions in aircraft leasing business, and contributes to the sustainable development of the aviation industry. Up to the end of the Reporting Period, CDB Aviation Lease Finance DAC had a total of 101 energy-saving aircraft, all of which were aircraft under operating leases, representing a year-on-year increase of 42.25%. The energy-saving aircraft mainly included A320neo, A330neo, A350, 737MAX and 787, accounting for 40.73% of the total number of aircraft under operating leases, of which 30 were newly added in 2021. During the Reporting Period, the total emissions reduced by energy-saving aircraft leasing business¹ reached 171,000 tonnes of carbon dioxide equivalent.



Case: Aircraft Sale-leaseback Business between CDB Aviation Lease Finance DAC and Wizz Air (Hungary)

CDB Aviation Lease Finance DAC and Wizz Air (Hungary) carried out the sale-leaseback business regarding six A321neo aircraft. The Airbus A321neo aircraft is the improved version of the existing A321 aircraft. Equipped with a new high-efficiency engine and Airbus' latest Sharklet, A321neo aircraft can reduce fuel consumption by 15% as compared with that of the existing A321 aircraft, resulting in the annual reduction of over 1,000 tonnes of CO₂ emissions per aircraft, which is equivalent to the annual emissions of 200 private cars.

"That Wizz Air chose CDB Aviation Lease Finance DAC as the partner for sale-leaseback business for the second time is a clear proof of our ability and leading position in the competition with other lessors, all because we are quick to meet the changing needs of customers. Our team will continue to provide customers with a full range of innovative solutions to help them grasp the opportunities in the recovery of the civil aviation industry, develop rapidly in the post-pandemic era and seize an advantageous position", said Peter Goodman, chief marketing officer of CDB Aviation Lease Finance DAC.



▲ A321neo aircraft

¹ Including only 737MAX8, 320/321neo aircraft.





Case: CDB Aviation Lease Finance DAC Contributed to the Successful Flight of the World's First Passenger Flight Using 100% Sustainable Aviation Fuel

United Airlines ("UAL") made history by renting a 737Max from CDB Aviation Lease Finance DAC. In December 2021, the world's first passenger flight using 100% sustainable aviation fuel ("SAF") successfully flew from Chicago O'Hare International Airport to Reagan National Airport in Washington, D.C., with more than 100 passengers on board.

At present, airlines are only allowed to use up to 50% SAF on the aircraft. UAL is permitted to use 100% SAF to operate one engine and traditional jet fuel for the other to further prove that there is no difference between the two in terms of operation, paving the way for all airlines to use SAF more expansively in the future. The plane flew 612 miles, and the carbon dioxide emissions from the engine using SAF were estimated to be 75% less than those from the one using traditional jet fuels.



▲ The world's first passenger flight using 100% SAF








6.2 BOOSTING SUPPORT FOR CLEAN ENERGY

Vigorous development of renewable energy is the cornerstone for promoting green and low-carbon development, a major task for implementing the strategy of achieving carbon peak and carbon neutrality, and an important measure for China to deal with climate change and undertake its international commitments. In February 2021, five departments including the National Development and Reform Commission and the Ministry of Finance issued the Notice on Guiding and Increasing Financial Support, Promoting the Healthy and Orderly Development of Wind Power, Photovoltaic Power Generation and Other Industries 《關於引導加大金融支持力度，促進風電和光伏發電等行業健康有序發展的通知》，in order to increase financial support for renewable energy enterprises. The Group tapped into its comprehensive advantages in the energy field, proactively followed the regulatory and market guidance on climate change, mitigated the transformation risks caused by climate change, focused on the clean energy field, increased investment in clean energy, vigorously supported the development of the clean energy industry, grasped the potential opportunities of green leasing business against the backdrop of climate change, explored innovative green leasing products, adjusted financing models and development strategies, and promoted development of clean energy under market forces. In 2021, the Group developed 37 new energy power stations (mainly for photovoltaic and wind power generation), invested RMB11.48 billion in boosting clean energy supply, representing a year-on-year increase of 43.04%, and recorded a new installed capacity of more than 2,500 MWh. Up to the end of the Reporting Period, the Group managed a total of 87 wind power and photovoltaic projects. The annual power generation capacity of the existing new energy power stations is estimated to be approximately 9.18 million MWh, which can meet the power demand of 3.48 million households, and reduce 7,111,900 tonnes of carbon dioxide emissions every year, meeting the requirements of green development.

Certain projects of new energy power stations developed and launched by the Group in 2021 are stated in the table below:

Project Name	Project Highlight	Average Environmental Benefits Per Annum ²					
		Standard Coal Equivalent Saved ('0,000 tonnes)	Sulphur Oxides Reduced ('0,000 tonnes)	Carbon Dioxide Reduced ('0,000 tonnes)	Nitrogen Oxides Reduced ('0,000 tonnes)	Water Resources Saved ('0,000 tonnes)	Others
100 MW photovoltaic power station project of Hainan Chunjie New Energy Co., Ltd. (海南州春潔新能源有限公司) 	<ul style="list-style-type: none"> The hour of power generation is 1,751.16 hours, and the average power generation per annum is expected to be 192,599,000 kWh The project effectively promotes the transformation of local energy consumption and the adjustment of economic structure The project creatively introduces the "build + transfer" model ("BT Model"), solves the financing problems of investors during the construction period under the BT Model, alleviates the pressure of the builder on strong credit enhancement during the construction period, and reduces the risk regarding project completion for both the acquirer and the creditor 	5.88	0.12	15.7	0.04	/	/
42 MW distributed wind power project of Shangshui Jiaoyang New Energy Technology Co., Ltd. (商水縣驕陽新能源科技有限公司) 	<ul style="list-style-type: none"> The hour of power generation is 2,515 hours, and the average power generation per annum is expected to be 106,883,000 kWh The project improves the energy structure and helps increase the proportion of renewable energy The project promotes the vigorous development of relevant industries in the region, such as building materials, transportation and equipment manufacturing 	3.3	/	12.1	/	/	Soot: 49 tonnes
100 MW wind power direct lease asset transfer project of Guangzhou Development Finance Leasing Co., Ltd. (廣州發展融資租賃有限公司) and Linxi Wanhui New Energy Technology Co., Ltd. (臨西縣萬輝新能源科技有限公司) 	<ul style="list-style-type: none"> The total installed capacity is 100 MW, and the annual power on grid is 277,000,000 kWh Wind power generation, together with thermal power and hydropower, can improve the energy structure of the power grid and drive local economic development The project can save the permanently acquired land and the land for ash storage needed for construction of thermal power plants, and reduce the emission of hazardous substances and environmental pollution 	9.8	0.17 (Sulphur dioxide)	23.76	0.26	93.23	Soot: 216 tonnes Ash: 3.59 tonnes

² If the calculation of environmental benefits is unavailable directly from the feasibility study report, the following calculation methods will be adopted:

- (1) Annual power generation of the project (MWh) = power of the project (MW) × hour of power generation (h)
 - (2) Carbon dioxide emissions (tonne) = annual power generation of the project (MWh) × coal consumption per kilowatt hour 0.305 (tonne/MWh) × 2.54
 - (3) Carbon dioxide emissions (tonne) = power of the project (MW) × hour of power generation (h) × coal consumption per kilowatt hour 0.305 (tonne/MWh) × 2.54
- Particularly, the annual power generation hour of wind power projects is assumed to be 2,300 hours, and that of photovoltaic projects is assumed to be 1,300 hours.



Project Name	Project Highlight	Average Environmental Benefits Per Annum ²					
		Standard Coal Equivalent Saved (¹ 0,000 tonnes)	Sulphur Oxides Reduced (¹ 0,000 tonnes)	Carbon Dioxide Reduced (¹ 0,000 tonnes)	Nitrogen Oxides Reduced (¹ 0,000 tonnes)	Water Resources Saved (¹ 0,000 tonnes)	Others
Sale-leaseback project of 100 MW photovoltaic power station in Lunzhang Town of Anyang Yongge (安陽永歌)	<ul style="list-style-type: none"> The total installed capacity is 100 MW, and the annual power on grid is 105,037,000 kWh With the construction of the project, a new cultural landscape appears in the area. The project improves the appearance and the environment of the region, and contributes to water and soil conservation 	3.36	0.08	8.74	0.02		/

The Group also strengthened market and model research to innovate green leasing products. In 2021, we made full use of leasing as a financing instrument and successfully rolled out EPC direct leasing for the construction period, trust structure leasing, leasing under the BT Model and other products to cater for market demands. These products can effectively address the pain points of investors and builders, and create value for all parties. In post-lease management, we adopted both on-site and off-site management to dynamically monitor the existing new energy power generation projects, so as to ensure stable power generation capacity and safe operation of the existing projects.



Case: CDB Leasing secured the first green loan from Standard Chartered China

In September 2021, CDB Leasing secured the first green loan for domestic financial institutions from Standard Chartered China, which was also the first green loan secured by CDB Leasing with a total amount of RMB720 million. The loan provided financial support for the Wujiagu Huafeng Huineng wind power project developed by CDB Leasing, promoted green cooperation in the Guangdong-Hong Kong-Macao Greater Bay Area, and fully supported the green industry as a financial instrument. Furthermore, the project creatively built a trust structure to effectively solve the financing problems of small and medium-sized private investors.



▲ Wujiagu Huafeng Huineng wind power project





6.3 PROMOTING DEVELOPMENT OF NEW ENERGY VEHICLES

Pursuant to the Development Plan for the New Energy Vehicle Industry (2021-2035) 《新能源汽车产业发展规划(2021-2035)》 issued by the State Council, China aims at achieving the full electrification of vehicles in the public domain by 2035. The Group grasps the opportunities in this era, makes use of leasing to save energy and reduce emissions in response to the requirements of the CPC Central Committees and the State Council, and bolsters energy conservation, emission reduction and green public travel in urban areas.

In terms of new energy vehicle leasing business, the Group creatively adopted the tripartite cooperation model of Leasing Company, Customers and Enterprises, carried out credit cooperation with many leading new energy bus manufacturers in China, and launched lease financing for micro, small and medium customers at the sales terminal, accelerated the transformation of green finance, and further integrated green finance and inclusive finance. On the one hand, this model can speed up the manufacturers' collection of receivables and promote the upgrading of technologies and products. On the other hand, the Group can carry out lease instalment business for bus companies at the sales terminal, providing a convenient channel for bus companies to replace new energy vehicles. The Group has smoothed upstream and downstream financing channels for the new energy bus industry, achieving a win-win situation between manufacturers and bus companies.



Case: CDB Leasing granted facilities for over 5,509 new energy buses

During the year, the Group granted RMB410 million to new energy bus projects. Up to the end of the Reporting Period, we offered more than RMB5.1 billion of financing support to six large domestic bus companies for adopting more than 5,509 new energy buses. In Shenzhen, CDB Leasing supported the renewal of 4,451 new energy buses, accounting for nearly one-third of the total number of new energy vehicles in Shenzhen's public transport system. It has contributed to the electrification of urban public transport and the cause of environmental protection in Shenzhen, and served as an exemplar nationwide. These new energy buses are estimated to reduce more than 326,000 tonnes of carbon dioxide and 4,456 tonnes of carbon monoxide and other carbon oxides.



▲ New energy bus project



6.4 ADOPTING LOW-CARBON OPERATION

In the process of operation, the emissions of the Group are mainly wastes produced from office operations. Use of resource mainly includes consumption of electricity and natural gas, as well as fuel consumption by official vehicles. The Group integrated green environmental protection concept into daily office work and operation, formulated management systems such as the *China Development Bank Financial Leasing Co. Ltd.'s Administrative Measures on Printing* 《國銀金融租賃股份有限公司文印工作管理辦法》 and *China Development Bank Financial Leasing Co. Ltd.'s Implementation Guidelines for Management of Drivers* 《國銀金融租賃股份有限公司駕駛員管理實施細則》, extended our presence in bringing into play the low-carbon operation concept through water conservation, energy conservation and emission reduction, green office and waste management, and reduced the impact on the environment and natural resources.

In 2021, the Group generated no major pollution and impact on the environment in its operations, and there were no issues in sourcing water that is fit for purpose.

In 2021, the Group put forward ESG targets in the two areas of “greenhouse gas emissions” and “use of energy” based on the actual situation of its operation under the principle of “materiality”. We will continue to improve the approaches to achieve the targets and regularly track the progress towards completion.

Environmental Target	Main Area	Specific Measure	Time Limit
Reduce greenhouse gas emissions from vehicles	Overall fuel consumption of official vehicles or number of times official vehicles are used	<ul style="list-style-type: none"> Overhaul official vehicles regularly to reduce fuel consumption per km Strictly record the fuel consumption and mileage of vehicles to quantify the use of official vehicles in a transparent manner Specify the principles for using official vehicles, strictly approve the use of official vehicles and reduce the number of times they are used 	Long term
	Penetration rate of electric or hybrid vehicles	<ul style="list-style-type: none"> Gradually increase the proportion of new energy official vehicles 	Long term
Improve energy efficiency	Energy consumption of energy consuming equipment	<ul style="list-style-type: none"> Monitor the energy consumption of facilities and equipment Increase the proportion of energy-saving and consumption-reducing equipment, and regularly repair and upgrade the power-consuming equipment in office buildings 	Long term
	Penetration rate of low energy consumption equipment	<ul style="list-style-type: none"> Apply LED energy-saving lamps Apply intelligent lighting system 	Long term
	Reduction of power consumption	<ul style="list-style-type: none"> Make full use of natural light during office hours to eliminate maintained lights Install radar control modules for lamps to rationally control the lighting periods and adjust the switch-on and turn-off time of floodlighting, and control the landscape lighting of buildings 	Long term
		<ul style="list-style-type: none"> Adopt peak shaving management for the power consumption equipment in buildings according to the principle of “avoiding peak hours, reducing operation in peak hours and operating at full load in off-peak hours” Strengthen energy-saving publicity via electronic screens, energy-saving signs, etc. to encourage energy-saving acts and habits 	

We have also taken many measures in water conservation, green office and waste management to reduce our negative impact on the environment. In addition, the Group hosted the “Tips for Green and Low-carbon Life” themed activity in 2021 to encourage employees to live up to the concept of low-carbon operation and achieve the goal of low-carbon office.

Water conservation:

- We leveraged the reclaimed water system to treat water source and recycled water for outdoor cleaning and greening maintenance of the building where we operate to achieve water resource recycling;
- We screened water supply equipment and pipelines to prevent dripping, spraying, leakage and long running water;
- We established water use records and conducted statistical analysis;
- We installed induction taps, and adjusted and reduced the water output of water valve for toilet equipment; and
- We posted water-saving slogans in toilets and pantries to enhance employees' awareness of water conservation.





Green office:

- We proactively advocated green office, and encouraged paperless office and paperless meeting;
- We reduced the number of printing, and set the printer to the default mode of black and white double-sided printing; and
- We strictly controlled the collection and use of office supplies and implemented registration and quota management by departments to reduce waste.

Waste management:

- Hazardous wastes such as waste toner cartridges were recycled, managed and disposed of by a professional third-party company; and
- We strictly regulated the electronic equipment scrapping control process, and selected a number of qualified third parties to evaluate and dispose of the scrapped hardware equipment.

In the future, we will continue to actively respond to the national energy conservation and environmental protection policies, constantly strengthen low-carbon operation, gradually improve the environmental targets in water and waste management, build a well-established green operation system, continuously adopt energy conservation and emission reduction measures, raise employees' awareness of energy conservation and environmental protection, and make concerted efforts to contribute to lush mountains and limpid water.

6.5 ADDRESSING CLIMATE CHANGE

As an enterprise in the leasing industry, the Group faces climate-related risks mainly from the business side. Specifically, our customers may be affected by physical risks and transformation risks, resulting in an increase in operating costs, a certain impact on their solvency and an increase in the probability of default, exposing the Group to rising customer credit risks. In addition, the Group holds fixed assets such as leased equipment. In the event of transformation risks brought by the development of low-carbon equipment and the application of low-carbon technology, or physical risks brought by extreme weather, the assets may be impaired.

To better address the risks and seize the opportunities brought by climate change, the Group identifies the climate risks and opportunities related to its operation based on the framework recommended by TCFD, and takes countermeasures according to the identified results.

Aspect	Specific Action
Governance	<ul style="list-style-type: none"> • The Board is responsible for incorporating ESG risks including risks related to climate change into the Company's comprehensive risk management system and supervising them • The Group has a Leading Group for ESG Work under the direct authority of the Board, which, together with its subordinate office, is responsible for identifying and assessing ESG-related risks and opportunities, including climate risks • All relevant functional departments and business departments make it a priority to address climate change
Strategy	<ul style="list-style-type: none"> • We are fully aware of the potential material impact and opportunities of climate change on the Group. For details of the impact of the identified risks and opportunities on the Group, please refer to the table of climate risks and opportunities below
Risk management	<ul style="list-style-type: none"> • By conducting analysis on its business value chain and referring to the relevant public materials of TCFD, the Group has established a list of climate risks and preliminarily assessed the financial impact of various climate risks on the Group • Climate risk assessment questionnaires are prepared, and the heads of relevant functional departments of the Group score each climate risk from different dimensions • We conduct analysis on the survey results and identify the risks that have a material impact on the Group • For details of the measures to address climate risks, please refer to the table of climate risks below
Indicators and objectives	<ul style="list-style-type: none"> • The Group has formulated specific targets and corresponding measures for the two areas of "greenhouse gas emissions" and "use of energy". For details, please refer to the section headed Adopting Low-carbon Operation • The Group has also set the goal of increasing the proportion of green leasing business in its overall business. This goal will be achieved by increasing the investment in green ships, aircraft, new energy vehicles and other fields. For details, please refer to the section headed Being Upright and Innovative in Our Practice to Achieve the Goals of Carbon Peak and Carbon Neutrality • The Group collects the data of greenhouse gas emissions on an annual basis. For details, please refer to Appendix 2: ESG Data List



To better assess the climate-related risks we are facing, we invited heads of relevant departments to assess various types of climate risks from the two dimensions of “possibility of risk occurrence” and “influence of risk occurrence”. The analysis results showed that acute physical risk is a major climate risk for the Group. As such, we will accord priority to this risk and take measures to deal with it. The remaining risks that have been assessed are trivial. In the future, we will assess climate-related risks dynamically to improve our internal risk management system.

Climate-related risks

Area of Climate Risks	Category of Climate Risks	Description of Risks	Potential Financial Impact	Countermeasure
Physical risk	Acute physical risk	Due to natural disasters (floods, typhoons, etc.) and other events, the premises where the leasing industry and the equipment suppliers operate and the assets of the Company and suppliers are damaged. Infrastructure is especially susceptible and the probability of damage to aircraft will rise. Disasters also pose a threat to the personal safety of employees and customers of the Company and suppliers, affect the Company's business and the supply of materials by suppliers, and have an adverse impact on the leasing business	Decrease in operating income Increase in operating costs Impairment of fixed assets	We pay close attention to extreme weather and natural disasters and study their impact on the leasing industry; We buy insurance or procure customers to buy insurance to avoid impairment of leased assets due to natural disasters; To help customers affected by natural disasters, we have formulated policies to reduce rents to bail them out of difficulties

Climate-related opportunities

Category of Climate Opportunities	Climate Opportunity	Description of Opportunities	Potential Financial Impact	Countermeasure
Resource efficiency	More efficient production and distribution processes	By increasing underlying assets such as energy-saving ships and emission reduction aircraft, we can help enterprises respond to changes in market trends and market demands	Increase in operating income	We make early arrangements to transform existing ships into energy-saving ones, such as installing desulphurisation towers, design newly built ships in a way that can reduce greenhouse gas emissions and build environment friendly ships
	Reduction of water usage and water consumption	Reducing water usage and water consumption can lower the operating costs of enterprises. Water-saving underlying assets can cater for market demands and win market share	Increase in operating income Decrease in operating costs	We take water-saving and recycling measures, such as the application of reclaimed water system





Category of Climate Opportunities	Climate Opportunity	Description of Opportunities	Potential Financial Impact	Countermeasure
Products and services	Expansion of low-emission goods and services	We provide the market with low-emission leased assets to cater for market demands, improve competitiveness and win market share	Increase in operating income	We actively develop business in many fields such as new energy vehicles, photovoltaic power plants and wind power plants, and have gained certain competitive advantage
	Development of new products or services through R&D and innovation	We cater for market demands, improve competitiveness and win market share by innovative products and services	Increase in operating income	We set up an internal innovation hub to promote digital reform, and we are a forerunner in promoting digital transformation in the industry. The technology leasing business supported by big data analysis and new technology has begun to take shape
	Enhancement of the ability to diversify business activities, such as expanding green finance business	We expand green finance business and further innovate green finance products and services to bring new business drivers. We adjust the impact of cyclical fluctuations in different industries and maintain the Company's vitality and profitability	Increase in operating income	While focusing on leasing business, we carry out business geared towards multiple industries. At present, we have formed business segments including aircraft, ships, public facilities and inclusive finance services. Meanwhile, we continue to pay attention to and develop green finance products and services
	Change in consumer preference	Under the general trend of low carbon emission, certain tenants prefer lessors with a greener image as business partners. Catering for this trend, the leasing industry will appeal more to such customers and generate more corporate profits in the long run; Enterprises responding to low carbon emission and environmental protection are usually enterprises with a strong sense of social responsibility and advantages in building good market reputation. Their high popularity and good market reputation are of great help in attracting customers	Increase in operating income	We consistently advocate and follow the concept of low-carbon emission and environmental protection while operating business, and actively develop business in many fields such as new energy vehicles, photovoltaic power plants and wind power plants, by which we have earned a good market reputation
Adaptability	Engagement in renewable energy projects and adoption of energy efficiency measures	In response to the national policy to achieve carbon peak and carbon neutrality, the Company turns its focus to renewable energy projects to improve its adaptability to the policy	Increase in operating income	We have developed and put into operation business in many fields such as new energy vehicles, photovoltaic power plants and wind power plants. In the future, we will gradually increase support according to the development needs of the industry



FEATURE: BOOSTING GREEN SHIPPING AND ENSURING SAFE OPERATION

In 2021, the Group seized opportunities from the recovery of the shipping market, developed shipbuilding and second-hand ship leasing business in response to China's deployment to become a transportation powerhouse, and promoted domestic shipbuilding to support the development of domestic shipbuilders, and contribute to the development of China's blue economy and the expansion of strategic industries. The Group implemented over 10 special systems regarding its ship leasing business including the *Measures for the Administration of Ship Leasing Business of China Development Bank Financial Leasing Co. Ltd.* (《國銀金融租賃股份有限公司船舶租賃業務管理辦法》), *Operating Rules for the Development of Ship Leasing Business of China Development Bank Financial Leasing Co. Ltd.* (《國銀金融租賃股份有限公司船舶租賃業務開發立項操作規程》), and *Operating Rules for Emergency Response of Ship Operation and Leasing Business of China Development Bank Financial Leasing Co. Ltd.* (《國銀金融租賃股份有限公司船舶經營租賃業務應急響應操作規程》), which improved the management system of ship business, enhanced the professionalism of the Group's ship leasing business, and laid a solid foundation for the strategic development of the ship business segment. The Group also placed emphasis on practice-enabled development finance and business research and judgment ability. The Group's *Research on Strategies of the Shipping Finance Industry to Cope with Carbon Peak and Carbon Neutrality* (《碳達峰、碳中和背景下航運金融業應對策略研究》) was granted the Excellent Achievement Award at the 2021 Forum on New Development of Youth held by China Development Bank. The research results contributed to the green transformation of the shipping industry and the overall development of finance and shipping-related industries.



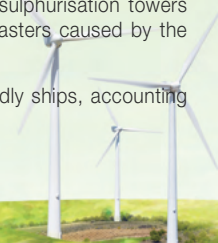
▲ Vigorously supporting domestic shipbuilding, CDB Leasing took over ships during the pandemic despite adverse market conditions

ENVIRONMENT FRIENDLY SHIPS

Committed to reducing the greenhouse gas emissions of the shipping industry, the International Maritime Organization ("IMO") makes it a key management measure to reduce ship carbon emissions. In April 2018, IMO adopted the world's first preliminary strategy to reduce greenhouse gas emissions in the shipping industry. Based on the carbon emissions in 2008, it proposed to reduce the carbon emission intensity of the shipping industry by 40% before 2030 and 70% before 2050 (reducing the total carbon emissions by 50%). Green and low-carbon development has become an inevitable trend for the shipping industry. To follow this trend, the Group makes early arrangements to transform existing ships into energy-saving ones, and designs newly built ships in a way that can reduce greenhouse gas emissions.

All ships under construction and planned to be built by the Group meet the energy efficiency design index ("EEDI") standards, an index introduced by the IMO in order to implement the requirements of the international community to reduce carbon emissions, pursuant to which the carbon emission energy efficiency index should be increased by 20% to 30% under the baseline standard, so as to effectively reduce carbon emissions. EEDI is a quantitative constraint introduced by the IMO in the ship design stage in order to implement the requirements of the international community to reduce carbon emissions, with the aim of requiring emission reduction arrangements for new ships at design stage, instead of concentrating the pressure of emission reduction in the operation stage. Meanwhile, according to the latest requirements of the United Nations' IMO for reducing sulphur emissions, some ships of the Group are equipped with desulphurisation towers. The sulphur emissions from the engines after desulphurisation meet the emission standards of the IMO, and the nitrogen oxide emissions meet the Tier III requirements, thus reducing harmful gas emissions such as sulphur oxides and air pollution during ship navigation. All ships without desulphurisation towers are strictly required to use low-sulphur fuel to reduce sulphur emissions and acid rain and other related environmental disasters caused by the shipping industry.

Up to the end of the Reporting Period, the Group had a total of 224 ships within its fleets, including 164 environment friendly ships, accounting for 73.21% of the total fleet size, with an investment of more than RMB10 billion.





Case: Green Fleet of CDB Leasing – Shandong New Era Smart Green Ship

In 2021, CDB Leasing ordered three 210,000-tonne Newcastle green bulk carriers from CSSC Waigaoqiao Shipyard, and transformed one of them, Shandong New Era, into a smart ship. The project was completed and delivered in early March 2022 and mainly used for iron ore transportation from Australia to China.

After delivery, Shandong New Era will receive the certificate marked Smart Ship (Smart Engine Room, Smart Energy Efficiency) and Ship Network Security awarded by China Classification Society (“CCS”), setting two new records and marking a new breakthrough in the intelligent function of large bulk carriers in China’s shipping industry.

- China’s first large bulk carrier with network security classification symbol certified by CCS
- China’s first 210,000-tonne Newcastle upgraded smart bulk carrier

Based on hydrodynamics, multiple schemes on linear and energy-saving devices are evaluated for the ship to effectively reduce overall energy consumption, improve performance indicators and meet the Tier II requirements of EEDI without compromising the speed while increasing the load. The ship is also equipped with waste gas desulphurisation system and denitration system, which can reduce the emission of nitrogen oxides by more than 85% and sulphur oxides by more than 90%. It meets the requirements of the International Convention for the Prevention of Pollution from Ships with intelligent, economical, green, environmental protection, energy conservation and safety features.



▲ Shandong New Era

In addition, through comprehensive digital upgrading, the ship boasts the intelligent integration of 30 categories of equipment, equipment operation and maintenance, energy efficiency management, enhanced visual assisted navigation, 3D image intelligent assisted berthing, shore-based remote control, shore-based data analysis services and other digital systems, taking the lead in new technologies and new standard systems of smart shipping in China and even the world, and contributing to the development of smart ship in the future.





Case: CDB Leasing's Green Fleet – Successful Delivery of 85,000-tonne Environment Friendly Bulk Carriers

The two 85,000-tonne bulk carriers ordered by CDB Leasing from CSSC Chengxi Shipyard were built and delivered as scheduled in 2021. Meeting the Tier III standards, the ships can effectively reduce NOx emissions to satisfy the requirements of IMO. In addition, with wide-body and shallow-draught features, the ships can reduce foodstuff transshipment during the transportation process in certain regions and boost transportation efficiency to reduce energy consumption.



▲ 85,000-tonne bulk carrier

SAFE OPERATION OF SHIPS

Due to the professional, special and risky features of water transport, the Group attaches importance to safety management in the operation of ships under operating leases. To actively assume the responsibility of safe shipping, covering areas such as emergencies, pirate attacks, extreme weather, dangerous goods and pandemic prevention and control, we have engaged top ship management companies globally in this regard. The Group's 50-odd time-chartered ships cruising across the globe experienced no major safety incident in 2021. Our ships obtained an average Rightship³ rating of 4.17 and achieved operating rate of 99.5%. Comparable to industry leaders in the global market segment, the safety and management quality of the Group's time-chartered ships are among the advantages of the Group's ship leasing operation.

In accordance with the requirements of IMO regarding safe operation of ships, the Group has engaged ship management companies possessing safety management certificates with safety management systems in place to take charge of safety management of ships on a daily basis. During the process of ship operation, the Group will supervise ship management companies at all times to ensure proper implementation of their safety management systems. In case of emergency, we will immediately invoke our emergency response plan and properly handle the incident and aftermath to avoid incurring further loss.

Pirate attacks severely endanger the life and safety of crew members, and may incur substantial economic loss for shipping companies. The Group requires ship management companies to assure safety through means such as cruising while escorted by a convoy, hiring armed security officers and arranging drills when transiting through regions prone to pirate attacks. In addition, we require customers to take out kidnap and ransom insurance to address the risk of pirate attacks.

Global climate change, cold surges, strong winds, storm surges and other extreme weather conditions have brought challenges to the safe operation of ships. The Group requires ship management companies to establish relevant management procedures to address extreme weather and manage potential risks. We will also monitor the weather conditions of our routes in real time. In case of extreme weather warning, we will immediately notify ship management companies to take countermeasures.

The transportation of dangerous goods is one of the risky business operations that the shipping industry has to deal with on a daily basis. For ships carrying dangerous goods, we will pay attention to their operation in real time and require ship management companies to take protective measures and avoid potential risks. In addition, we also require customers to take out additional insurance.

³ Rightship is a ship safety and efficiency assessment institution established by Dry Bulk Cargo Shipper Alliance. It aims at rendering support to global customers such as shipowners, management companies, operators, charterers, insurers and terminals by reducing shipping risks through accurate and reliable assessment. Rightship offers 1- to 5-star ratings, with 5-star being the highest rating. If a ship's Rightship rating is lower than 3 stars, large charterers will in principle refuse to charter it.





URGENT RELIEF DEMONSTRATING UTMOST CARE AMID THE PANDEMIC CRISIS

The problem of crew shift change caused by the prevention and control measures against the global COVID-19 pandemic has gradually evolved into a humanitarian crisis in the global shipping industry since 2020. The pandemic has brought great challenges to the Group's ships under operating leases engaged in international shipping and caused significant hazards to the safe operation of ships. Based on the experience in fighting the pandemic in 2020, the Group focused on strengthening pandemic prevention and control on board, arranged crew shift change as soon as possible, gave appropriate allowances to crew members exceeding the normal shift period and further improved the policy on pandemic prevention and control expenses for crew members. The policy has become a bellwether for domestic crew management, many provisions of which also appear in the Labor and Remuneration Standards for Crew Members During Prevention and Control of the COVID-19 Pandemic 《新型冠状病毒肺炎疫情防控期间船员劳动待遇标准》 issued by the Chinese Seamen and Construction Workers' Union and China Shipowners' Association. We successfully and safely achieved crew shift change involving over 1,060 crew members for all time-chartered ships under operating leases with no one on board infected and maintained the happiness and harmony of their families. The measure reflects CDB Leasing's steadfast humanistic care, social responsibility and humanitarian spirit in ensuring ship safety and operational efficiency while increasing rental income.



Case: Urgent Relief Demonstrating Utmost Care

In October 2020, the crew of the ship CL LINDY had been on board at sea for nearly 16 months, and exceeding the normal shift period caused tremendous psychological and physical pressure on them and gravely endangered their health. At this critical juncture, the management of the Group decisively chose to arrange crew change for all of its crew members as soon as possible by seeking all feasible methods at any cost, so as to protect the psychological and physical health of all crew members with every effort. In the end, it only took 4 days to achieve crew shift change for setting sail smoothly without causing any off-hire. The crew due for vacation safely disembarked and returned home. This bold action of heroes in harm's way demonstrated the spirit of humanity and won acclaim for the Group from peers.



▲ The crew of CDB Leasing's ship CL LINDY went to Egypt in full gear for crew shift change



7. PROPELLING THE COMPANY BY TALENTS AND GROWING WITH EMPLOYEES

The Group regards talents as the most valuable assets underpinning the growth of an enterprise, proactively implements the strategy of reviving the Company by talents and strives to attain world-class results leveraging world-class talents. The Group has established three systems and one platform comprising governance structure and position system, performance management system and remuneration incentive system as well as the talent cultivation and development platform leveraging the market-oriented approach, in a bid to safeguard the physical and mental health of employees, provide them with sound career development platforms and achieve mutual development for talents and the enterprise. The Group will continue to further human resources reform, push ahead with the implementation of reform measures, adjust and enhance its institutional structure dynamically and press ahead with the building a versatile, professional and international talent team to offer support and assurance for innovation, service expansion, stable and enduring development as well as growth of high quality.

7.1 IMPROVING THE EMPLOYMENT SYSTEM

The Group strictly complies with laws and regulations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. We refined a series of internal systems including the China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Staff Recruitment and Employment (2020 Edition) 《國銀金融租賃股份有限公司員工招聘錄用管理辦法(2020年版)》 and China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Employee Labor Relations 《國銀金融租賃股份有限公司員工勞動關係管理辦法》, and issued the China Development Bank Financial Leasing Co. Ltd.'s Detailed Implementation Rules on Management of Departure of Employees 《國銀金融租賃股份有限公司員工離職管理實施細則》 in 2021 to further regulate the recruitment, employment, departure and daily management of employees and establish a sound employee labor relations management system. Up to the end of the Reporting Period, the Group had 346 employees in total, all of whom were contract staff, including 257 domestic employees and 89 employees in our overseas aviation subsidiary.

Based on the business needs of the Company, the Group formulates its recruitment plans in accordance with the development needs of the Company and unified arrangements to attract talents. We resolutely implement the Provisions on Prohibition of Child Labor 《禁止使用童工規定》, strictly verify the identification documents, academic degree materials and other information of prospective recruits to confirm whether they reach the legal employment age and eliminate the employment of child labor. Those who fail to comply with our employment provisions will not be employed. Up to the end of the Reporting Period, the Group had no incident of child labor.



▲ On-site campus recruitment

The Group advocates equality and diversity in its employment policy with employees coming from diverse backgrounds, strives to create an inclusive and harmonious working environment for employees, and eliminates any form of inequality and discrimination caused by ethnic, racial, gender, age, family background and other factors in each stage of recruitment, management and promotion. The Group has a quality talent team, with about 91% of employees possessing a bachelor's degree or above up to the end of the Reporting Period.

In terms of salary, the Group continuously improves its salary and welfare system, offers employees competitive salaries, upholds the idea of putting efficiency first while maintaining fairness, and incessantly enhances its salary structure to fully demonstrate its market-oriented philosophy by leveraging incentive and restraint functions.





Regarding dismissal, the Group abides by the principles of lawfulness and compliance, regulated procedures, tiered management and clearly defined responsibilities in its management of departure of employees. After they have submitted their departure applications and completed the departure approval process and handover work, departing employees can only leave the Company upon receiving the proof of departure in writing.

During the Reporting Period, we revised the Manual for New Employees (2021 Edition) 《新员工手册(2021年版)》 to help new employees quickly understand, fit in and grow with the Company.



▲ Manual for New Employees (2021 Edition)

7.2 SAFEGUARDING EMPLOYEES' RIGHTS AND INTERESTS

The Group contributes to five social insurance funds and a housing fund on a regular basis in accordance with the requirements of national laws and regulations, and purchases accidental injury, accidental medical, supplementary medical and serious illness supplementary insurance for employees. We have also established an annuity mechanism, and all employees who have entered into a labor contract with the Company and passed their probation may participate in the annuity plan on a voluntary basis. During the Reporting Period, the Group contributed corporate annuity of RMB29,437,500 in total (exclusive of personal contributions). In addition, CDB Aviation Lease Finance DAC provides overseas employees with benefits such as subsidies for renting houses, children's education, visiting relatives, official transportation, official lunch and relocation expenses, and constantly improves employee insurance plans which cover pension insurance, health insurance, life insurance and disability insurance.

The Group implements a system of regular working hours and strictly follows the relevant national requirements on statutory holidays to safeguard the legal rights of employees to rest and vacation and prohibit forced labor. Up to the end of the Reporting Period, the Group had no incident of forced labor.

The Group assures employees that they can exercise democratic rights and participate in decisions, management and supervision in a democratic manner. We actively listen to the voice of employees through multiple means such as hosting annual seminars and setting up suggestion boxes. We have established a system of frank talks on a daily basis to proactively listen to the opinions and suggestions of employees at the basic level. In 2021, the Group arranged the second session of the employee representative meeting to solicit proposals from all employees and collected 75 proposals, 100% of which were replied.



7.3 EMPHASIS ON EMPLOYEE CARE

We place emphasis on the health, safety and well-being of employees and the trade union of the Group takes a leading role in making every effort to ensure the health and safety of employees and care for them in a refined and practical manner. The Group strictly abides by laws and regulations related to occupational health and safety, continuously improves its occupational health management system, strives to provide employees with a healthy and safe working environment, and offers multiple safeguards for their occupational health.



▲ Fire drill at CDB Financial Center

In 2021, we arranged and carried out the following initiatives to actively offer strong assurance and support for employees' work and life and effectively boost employees' sense of happiness, satisfaction, identity and belonging.

Employee Care Initiative	Specific Example
Physical and mental health	<ul style="list-style-type: none"> Set up employee health records, provided online medical services and alleviated the shortage of medical resources faced by employees and their families Regularly arranged physical examinations for employees, invited doctors to explain physical examination indicators to employees, arranged consultations by practitioners of traditional Chinese medicine and proposed health care measures Strictly controlled food hygiene and safety and strengthened nutrition mix to ensure a healthy diet for employees Purchased emergency rescue kits and emergency rescue manuals to encourage employees to learn and master emergency rescue knowledge Enhanced the scope of emergency medicine supplies in the infirmary and improved infrastructure such as nursery room, gymnasium and table tennis room Relieved the psychological pressure of employees, spread mental health knowledge and promoted the online smart psychological platform established by China Development Bank Hosted club activities such as sports competition, art and photography exhibition, training course on calligraphy and painting as well as dance class
Visit to convey greetings and condolences	<ul style="list-style-type: none"> Conveyed greetings to employees of new births, employees falling ill, newly wedded employees and family members, and conveyed condolences to employees and family members who had lost their beloved ones Launched the SMS system for birthday greetings and arranged activities such as conveying greetings on birthdays and traditional holidays (including retired employees) Sent warm regards to employees who stayed put on festive occasions during the pandemic to ensure smooth implementation of pandemic prevention and control measures Solved the problems of renting a flat, finding accommodation and arranging children's education for cadres going on exchange
Care for women	<ul style="list-style-type: none"> Arranged a tea party for female employee representatives during the International Women's Day on 8 March Hosted the activity of Photographing with Mother for Warm Blessings on Mother's Day Arranged representative female employees to shoot video for the reading activity of Rose on Book Hosted lectures on image aesthetics
Pandemic prevention and control	<ul style="list-style-type: none"> Announced national and local pandemic prevention and control policies and measures in a timely manner, carried out promotional work to better prevent and control the pandemic, and strengthened information monitoring, early warning and risk investigation for the pandemic Established an internal pandemic prevention and control system, formulated pandemic prevention and control plans, and arranged drills for pandemic prevention and control Put employees' life, safety and health first to achieve the goal of "zero infection" Collected, collated and reported information on personnel health, travel, business trips, etc., as well as real-time dynamic information on the pandemic, strengthened employee travel management, strictly controlled the workplace and firmly guarded against the importation of cases and the resurgence of domestic infections Ensured the supply of anti-pandemic materials, distributed anti-pandemic materials on a regular basis, and signed the Letter of Responsibility for Pandemic Prevention and Control 《疫情防控责任书》 with tenants and those in charge of properties and canteens to clearly specify the main responsibilities for pandemic prevention Solved the haircut problem of employees during the pandemic, built and continuously enhanced and upgraded barber shops and provided regular door-to-door haircut services Arranged 4 vaccination events successively and the vaccination rate of employees reached 95%, building a robust protective shield against the pandemic



▲ Badminton competition



▲ Making friends through the charity activity of Brushing Youth Ink



▲ Lakeside walkathon

7.4 SUPPORTING EMPLOYEE DEVELOPMENT

Based on the requirements of documents including the 2018-2022 National Cadre Education and Training Plan 《2018-2022年全国干部教育培训规划》 issued by the CPC Central Committee, the Group conducted research and formulated various systems on training including the China Development Bank Financial Leasing Co. Ltd.'s Rules on Employee Training Management 《国银金融租赁股份有限公司员工培训管理办法》 and Manual on Employee Training (2021 Edition) 《员工培训手册(2021版)》, and established a "12345" employee training system focusing on building a versatile and professional talent team that "has political awareness, abides by rules, dares to shoulder responsibility, and makes achievements". Leveraging the two systems of governance structure and training system, we have established for three types of targets covering Party members, middle and high-level management and employees at the basic level four platforms for providing opinions and suggestions, CDB micro-courses, CDB knowledge database and business item database, and launched five training schemes focusing on Party building, taking up new tasks, taking on long-term project, job succession and team leading to ensure accomplishment of the goal of talent training for building up an outstanding talent pool for the long-term development of the Group.



In 2021, the Group arranged various types of training with a total of 219 sessions, including 202 sessions of off-the-job training and 17 sessions of online training, covering over 8,000 attendees with an average of about 259 hours for each employee. The Group carried out the following tasks in the area of development and training for employee in 2021:

Cultivation of talents versatile in both finance and technology

- Invited leaders from the Technology Department and Digital Currency Institute of the People's Bank of China, Tsinghua University and UNNC-NFTZ Blockchain Laboratory as well as industry experts to carry out special training on digital upgrade for backbone staff of departments of the Group

Leadership training for middle and high-level management

- Completed adjustments and changes to overseas lecturers of the scheme on team leading, and arranged and completed China Europe International Business School's ten modules on leadership training for middle and high-level management

Acquisition of internal knowledge

- Continued to conduct 40 sessions of CDB micro-course lectures for young employees, newly added 40 special cases for studying with case compendia of over 250,000 words cumulatively, and established a good training and learning mechanism involving sharing by business backbone staff, communication among young employees and commenting by leaders of the Company

Training scheme on taking up new tasks by new employees

- The Company's 11 leaders and 12 relevant departments participated in teaching theories and arranging practical sessions such as outward bound activities, company visits and interviews, group discussions and reporting in the form of videos

Internal training arrangement, management and publicity

- Prepared and issued the Manual on Employee Training (2021 Edition) 《員工培訓手冊(2021版)》 to help all employees understand the existing training system, training resources, learning channels and relevant requirements of the Group

Supplementing premium training materials continuously

- Introduced online and offline professional training course materials

In terms of staff promotion, the Group abides by the China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Positions and Levels 《國銀金融租賃股份有限公司職務職級管理辦法》, China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Supervision over Officers 《國銀金融租賃股份有限公司幹部監督管理辦法》 and Manual on Positive Incentives for Employees (2021 Edition) 《員工正向激勵手冊(2021版)》. We adhere to the principle of promoting and prominently appointing loyal and responsible cadres of integrity, choose steadfast, diligent, pragmatic, responsible and upright cadres of integrity who are decent in serving the people, regularly select and appoint middle level personnel and promote those below middle level taking into account factors such as the Group's job demands, number of positions and actual situation of cadre teams, and continuously improve our promotion mechanism. In 2021, 37 employees below middle level were promoted, of which 11 were female employees.



Case: Training Scheme for New CDB Leasing Employees on Taking up New Tasks

In August 2021, the self-developed training scheme for new CDB Leasing employees on taking up new tasks was carried out through the three-in-one mode of instructor guidance, online self-learning and classroom teaching, comprising sessions such as classroom learning, outward bound activities, company visits and interviews, group discussions as well as playing videos, through which new employees can quickly understand the milestones of development of the Group, fit in the culture of China Development Bank and enhance their sense of belonging, commitment and responsibility.



▲ Training on taking up new tasks



FUTURE PROSPECTS

A critical year for implementing the 14th Five-Year Plan, 2022 will see us closely monitoring policy trends, continuously focusing on our main responsibility, principal business and the origin of leasing business, steadfastly putting into practice the new development concept and continually fitting in the new development landscape as we achieve the Group's sustainable development as a responsible finance leasing company.

Concentrating on national strategic regions, we will support the coordinated development and structural transformation and upgrade of regions including the Beijing-Tianjin-Hebei region, Guangdong-Hong Kong-Macao Greater Bay Area and Yangtze River Economic Belt, give full play to our distinctive advantages in leasing business, create innovative business models, empower emerging strategic industries, support the development of small and micro enterprises, participate in rural revival to set an exemplar in finance serving rural revival in an inclusive manner, and actively explore effective ways for finance to serve national strategies.

We will further prepare ourselves to help achieve the national goals of carbon peak and carbon neutrality by building a green leasing business system that mainly involves eco-friendly ships, energy-saving aircraft and facilities for wind power and photovoltaic power generation, new energy transportation and energy conservation, promote low-carbon operation, proactively address climate change, manage risks and opportunities related to climate change and adopt green development strategies at the same time.

Furthermore, we will continue to improve our employee welfare and security system, place emphasis on employee care, support employee development, and cultivate versatile and professional talents to underpin business development. We will enhance corporate governance, strengthen risk management, uphold integrity-based operation, continue to pay attention to customer needs, improve service quality, ensure customer information security and fully implement digital transformation and upgrade to provide customers with more quality and efficient leasing services. We will actively undertake our community responsibility, vigorously support rural revival, focus on charity and philanthropy causes and actively participate in social volunteer activities to earnestly improve people's livelihood.

Adhering to the mission of "Leading China's leasing industry, serving the real economy", the Group sees "enhancing national competitiveness and improving people's livelihood" as its clear responsibility and contributes to the sustainable development of the environment, society and the economy.



APPENDIX 1: ESG POLICY LIST

Aspect	Laws and Regulations Abided by (including but not limited to)	Internal Rules and Systems of the Company (including but not limited to)
A1 Emissions	<i>Environmental Protection Law of the People's Republic of China</i> <i>Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste</i> <i>Law of the People's Republic of China on Prevention and Control of Water Pollution</i> <i>Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution</i> <i>Soil Pollution Prevention and Control Law of the People's Republic of China</i> <i>Regulation on Urban Construction Waste Management</i> <i>Directory of National Hazardous Wastes</i> <i>Measures for the Administration of Hazardous Wastes Manifest</i>	<i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Vehicles</i> <i>China Development Bank Financial Leasing Co. Ltd.'s Implementation Guidelines for Management of Drivers</i>
A2 Use of Resources	<i>Energy Saving Law of the People's Republic of China</i> <i>Design Standard for Energy Efficiency of Public Buildings</i>	<i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Company Items Warehousing</i> <i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Printing & Copying</i> <i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Vehicles</i> <i>China Development Bank Financial Leasing Co. Ltd.'s Implementation Guidelines for Management of Drivers</i>
A3 The Environment and Natural Resources	<i>Environmental Protection Law of the People's Republic of China</i> <i>Law of the People's Republic of China on Environmental Impact Assessment</i>	Not available for the time being





Aspect	Laws and Regulations Abided by (including but not limited to)	Internal Rules and Systems of the Company (including but not limited to)
B1 Employment B4 Labor Standards	<p><i>Labor Law of the People's Republic of China</i></p> <p><i>Labor Contract Law of the People's Republic of China</i></p> <p><i>Interim Provisions on Labor Dispatch</i></p> <p><i>Employment Promotion Law of the People's Republic of China</i></p> <p><i>Social Insurance Law of the People's Republic of China</i></p> <p><i>Provisions on Prohibition of Child Labor</i></p> <p><i>Minors Protection Law of the People's Republic of China</i></p> <p><i>Contract Law of the People's Republic of China</i></p> <p><i>Ordinance on Paid Leave of Staff</i></p> <p><i>Provisions of the State Council on Working Hours of Employees</i></p> <p><i>Ordinance on Salary Payment of Guangdong Province</i></p> <p><i>Ordinance on Staff Salary Payment of Shenzhen City</i></p>	<p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Staff and Labor Relations</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Positions and Levels (2020 Edition)</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Social Recruitment (2020 Edition)</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Campus Recruitment (2020 Edition)</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Employee Attendance and Vacation</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Detailed Management Rules on Staff Dismissal</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Rules on Performance Management (Trial)</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Evaluation Measures for Senior Management (2021 Edition)</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Employees' Salary</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Deferred Salary Payment</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Use of Retained Bonus Pool (Trial)</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Staff Recruitment and Employment (2020 Edition)</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Leaders Supervision (2020 Edition)</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Staff Resignation and Dismissal (2020 Edition)</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Staff Communications (2020 Edition)</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Code of Conduct of Staff</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Selection and Appointment of Middle-level Personnel</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Promotion of Employees Below Middle Level</i></p> <p><i>Staff Union's Detailed Rules on the Implementation of Management of Visits</i></p> <p><i>Guiding Opinions on Vigorously Identifying and Cultivating Young Talents in the New Era</i></p> <p><i>CDB Aviation Lease Finance DAC's Hong Kong Employee Manual</i></p> <p><i>CDB Aviation Lease Finance DAC's Systems on Performance Appraisal of Employees</i></p> <p><i>CDB Aviation Lease Finance DAC's Systems on Travelling Reimbursement</i></p>



Aspect	Laws and Regulations Abided by (including but not limited to)	Internal Rules and Systems of the Company (including but not limited to)
B2 Health and Safety	<p><i>Labor Law of the People's Republic of China</i></p> <p><i>Fire Prevention Law of the People's Republic of China</i></p> <p><i>Law of the People's Republic of China on Work Safety</i></p> <p><i>Law of the People's Republic of China on Prevention and Control of Occupational Diseases</i></p> <p><i>Regulation on Work-related Injury Insurances</i></p> <p><i>Regulation on Supervision and Administration of Occupational Health in Working Places</i></p> <p><i>Ordinance on Reporting, Investigation and Handling of Production Safety Accidents</i></p>	<p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Employee Attendance and Vacation</i></p> <p><i>CDB Aviation Lease Finance DAC's Hong Kong Employee Manual</i></p>
B3 Development and Training	<p><i>Labor Law of the People's Republic of China</i></p> <p><i>Labor Contract Law of the People's Republic of China</i></p> <p><i>Social Security Law of the People's Republic of China</i></p>	<p><i>China Development Bank Financial Leasing Co. Ltd.'s Rules on Employee Training Management</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Management of Internal Lecturers and New Employees' Tutors (2020 Edition)</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Implementation Rules on Employee Training</i></p> <p><i>Terms of Reference of China Development Bank Financial Leasing Co. Ltd.'s Examination and Oral Examination Committee (Trial)</i></p>
B5 Supply Chain Management	<p><i>Law of the People's Republic of China on Tenders and Bids</i></p> <p><i>Regulation on the Implementation of the Bidding Law of the People's Republic of China</i></p>	<p><i>China Development Bank Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Central Procurement</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Procurement (Trial)</i></p> <p><i>CDB Aviation Lease Finance DAC's Procurement System Operating Procedures for the Use of Bidding Agency Platform for Central Procurement</i></p>
B6 Product Responsibility	<p><i>Tort Law of the People's Republic of China</i></p> <p><i>Trademark Law of the People's Republic of China</i></p> <p><i>Advertisement Law of the People's Republic of China</i></p> <p><i>Patent Law of the People's Republic of China</i></p> <p><i>Copyright Law of the People's Republic of China</i></p> <p><i>Law of the People's Republic of China Against Unfair Competition</i></p> <p><i>Law of the People's Republic of China on Protection of Consumer Rights and Interests</i></p> <p><i>Cybersecurity Law of the People's Republic of China</i></p> <p><i>Decision of the Standing Committee of the National People's Congress on Preserving Computer Network Security</i></p>	<p><i>China Development Bank Financial Leasing Co. Ltd.'s Leasing Business Industry Guide</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Client Complaint Handling Measures</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on the Work of Intellectual Property Protection</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Business Secrets</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Information Security</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Data and Standards</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Regulation on Management of Establishment of Information System (Trial)</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Machine Room Safety</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Employee Information Security</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Information Technology Emergency Response</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on IT System Data Quality (Trial)</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Confidential Documents</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Outsourcing Staff Confidentiality</i></p>





Aspect	Laws and Regulations Abided by (including but not limited to)	Internal Rules and Systems of the Company (including but not limited to)
B7 Anti-corruption	<p><i>Criminal Law of the People's Republic of China</i></p> <p><i>Company Law of the People's Republic of China</i></p> <p><i>Anti-money Laundering Law of the People's Republic of China</i></p> <p><i>Anti-monopoly Law of the People's Republic of China</i></p> <p><i>Law of the People's Republic of China Against Unfair Competition</i></p> <p><i>Interim Provisions on Prohibiting Commercial Bribery</i></p>	<p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Emergency Response to Major Risk Events</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Anti-fraud Management Rules</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Anti-money Laundering Information</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Anti-money Laundering and Sanctions Compliance</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Customer Identification</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Classification of Risks of Customer Money Laundering and Terrorist Financing</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Suspicious Transaction Reporting</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on Investigation of Employees' Conduct</i></p> <p><i>China Development Bank Financial Leasing Co. Ltd.'s Management Rules on the Prevention of Cases</i></p> <p><i>CDB Aviation Lease Finance DAC's Guidance on Anti-bribery and Anti-corruption Policies</i></p> <p><i>CDB Aviation Lease Finance DAC's Systems on Gifts and Entertainment</i></p> <p><i>CDB Aviation Lease Finance DAC's Systems on Anti-money Laundering and Due Diligence</i></p> <p><i>CDB Aviation Lease Finance DAC's Internal Control and Compliance Policies</i></p>
B8 Community Investment	<p><i>Charity Law of the People's Republic of China</i></p> <p><i>Law of the People's Republic of China on Donations for Public Welfare</i></p>	Not available for the time being



APPENDIX 2: ESG DATA LIST

ENVIRONMENTAL AREA

Unless otherwise stated, the statistical basis of environmental performance of the Group covered the headquarters, Beijing office and Shanghai office of the Company, whereas the rest will be included as and when appropriate in the future. The statistics on environmental performance listed below covered the period from 1 January 2021 to 31 December 2021.

Environmental Area	Indicator	Unit	2021	2020
A1 Emissions⁴	Sulphur dioxide ⁵	tonne	0.56	0.0003
	Nitrogen oxides ⁶	tonne	0.01	0.0031
	Total GHG emissions (Scope 1 and Scope 2) ⁷	tCO ₂ e	5,052.99	2,886.61
	GHG emissions per m ² of floor area (Scope 1 and Scope 2)	tCO ₂ e/m ²	0.17	0.10
	GHG direct emissions (Scope 1)			
	Vehicle fuel consumption	tCO ₂ e	82.79	46.09
	Natural gas	tCO ₂ e	120.56	92.66
	GHG indirect emissions (Scope 2)			
	Purchased electricity	tCO ₂	4,849.65	2,747.85
	GHG indirect emissions (Scope 3)			
	Employee business travel (airplane)	tCO ₂	451.55	/
	Total hazardous waste ⁸	tonne	0.04	0.05
	Total hazardous waste per m ² of floor area	tonne/m ²	0.000001	0.000002
	Total non-hazardous waste ⁹	tonne	990.00	299.00
	Total non-hazardous waste per m ² of floor area	tonne/m ²	0.03	0.01
A2 Use of Resources¹⁰	Total energy consumption ¹¹	MWh	9,271.82	6,053.03
	Energy consumption per m ² of floor area	MWh/m ²	0.30	0.22
	Direct energy consumption			
	Vehicle fuel consumption	MWh	334.71	188.28
	Natural gas	MWh	602.97	473.89
	Indirect energy consumption			
	Purchased electricity	MWh	8,347.07	5,390.86
	Daily workplace water consumption ¹²	tonne	39,345.00	29,258.00
	Daily water consumption per m ² of floor area	tonne/m ²	1.29	1.05
	Total paper consumption ¹³	tonne	22.38	6.64

⁴ As the emission data and consumption data of energy and resources in the machine room could not be measured separately, the Company's greenhouse gas emission intensity, hazardous waste emission intensity, non-hazardous waste emission intensity, energy consumption intensity and daily workplace water consumption intensity calculated per capita and per m² of floor area include both office areas and machine rooms.

⁵ In 2021, sulphur dioxide emissions mainly came from vehicle fuel consumption and natural gas, and the data on sulphur dioxide emissions were calculated according to the Technical Guide for Air Pollutant Emission Inventory for Road Vehicles (Trial) published by the Ministry of Environmental Protection of the PRC.

⁶ In 2021, nitrogen oxides emissions mainly came from vehicle fuel consumption and natural gas, and the data on nitrogen oxide emissions were calculated according to the Technical Guide for Air Pollutant Emission Inventory for Road Vehicles (Trial) published by the Ministry of Environmental Protection of the PRC.

⁷ Greenhouse gas inventories include carbon dioxide, methane and nitrous oxide, which mainly come from purchased electricity and fuel. In 2021, the amount of greenhouse gases was presented in carbon dioxide equivalent and was calculated based on the average emission factor of the national grid in 2021 provided by the Ministry of Ecology and Environment of the PRC in the Guidelines on Enterprise Greenhouse Gas Emissions Accounting and Reporting - Power Generation Facilities and the Guide to Calculating and Reporting Greenhouse Gas Emission in Industry and Other Sectors (Trial) issued by the National Development and Reform Commission of the PRC.

⁸ The hazardous wastes generated from the Company's operation were disposed of by qualified professional companies. The major types were waste lead-acid batteries, waste fluorescent lamps and waste ink cartridges, waste toner cartridges, waste toner and waste ribbons of printing equipment.

⁹ The non-hazardous wastes of the Company were disposed of by recycling companies. The major types included office waste and kitchen waste.

¹⁰ Packaging data do not apply to the Company.

¹¹ In 2021, energy consumption data, mainly including electricity, natural gas and vehicle fuel consumption, were calculated according to the electricity and fuel consumption and relevant conversion factors provided under the Guide to Calculating and Reporting Greenhouse Gas Emission in Industry and Other Sectors (Trial).

¹² In 2021, daily workplace water consumption included tap water.

¹³ Paper includes A4 and A3 copying paper.



SOCIAL AREA

Unless otherwise stated, the statistics of social scope of the Group covered the Company and its subsidiaries.

Social Area	Indicator	Unit	2021	2020
B1 Employment¹⁴ – Employees	Total number of employees	Person	346	374
	Number of employees by gender			
	Number of male employees	Person	215	234
	Number of female employees	Person	131	140
	Number of employees by employee category			
	Number of senior management employees	Person	16	18
	Number of middle management employees	Person	80	85
	Number of employees at the basic level	Person	250	271
	Number of employees by educational attainment			
	Number of employees with master's degree or above	Person	214	215
	Number of employees with bachelor's degree	Person	121	142
	Number of employees who are junior college graduates or below	Person	11	17
	Number of employees by age			
	Number of employees aged 35 or below	Person	134	159
	Number of employees aged 36-55	Person	205	205
	Number of employees aged 56 or above	Person	7	10
	Number of employees by region			
	Number of domestic employees	Person	257	251
	Number of overseas employees	Person	89	123
B1 Employment¹⁵ – Turnover rate of employees	Overall turnover rate of employees ¹⁶	%	13.5	7.8
	Turnover rate of employees by gender			
	Turnover rate of male employees	%	14.7	8.5
	Turnover rate of female employees	%	11.5	6.4
	Turnover rate of employees by age			
	Turnover rate of employees aged 35 or below	%	16.8	6.5
	Turnover rate of employees aged 36-55	%	9.3	7.3
	Turnover rate of employees aged 56 or above	%	46.2	40.0
	Turnover rate of employees by region			
	Turnover rate of domestic employees	%	6.5	4.4
	Turnover rate of overseas employees	%	28.8	14.6

¹⁴ The statistics for this aspect covered the employees who entered into a formal labor contract with China Development Bank Financial Leasing Co., Ltd. and its subsidiaries.

¹⁵ The statistics for this aspect covered the employees who entered into a formal labor contract with China Development Bank Financial Leasing Co., Ltd. and its subsidiaries.

¹⁶ In 2021, the turnover rate of employees in this category is calculated based on the Group's customary "Number of departing employees in this category during the Reporting Period/(Total number of employees in this category at the end of the Reporting Period + Number of departing employees in this category during the Reporting Period)".



Social Area	Indicator	Unit	2021	2020
B2 Health and Safety¹⁷	Number of work-related fatalities	Person	0	0
	Rate of work-related fatalities	%	0	0
	Lost days due to work injury	Day	20	0
B3 Development and Training¹⁸ – Training percentage	Number of training sessions	Session	223	205
	Total number of employees trained	Person	254	251
	Percentage of employees trained by gender			
	Percentage of male employees trained	%	65.75	99.4
	Percentage of female employees trained	%	34.25	100
	Percentage of employees trained by employee category			
	Percentage of senior management employees trained	%	4.33	90.9
	Percentage of middle management employees trained	%	25.59	100
	Percentage of employees at the basic level trained	%	70.08	100
B3 Development and Training¹⁹ – Average training hours	Average training hours of employees	Hour/person	192.63	196.28
	Average training hours of employees by gender			
	Average training hours of male employees	Hour/person	208.51	200.67
	Average training hours of female employees	Hour/person	166.56	187.95
	Average training hours of employees by employee category			
	Average training hours of senior management employees	Hour/person	193.47	200.76
	Average training hours of middle management employees	Hour/person	231.31	221.45
	Average training hours of employees at the basic level	Hour/person	180.20	187.45
B5 Supply Chain Management²⁰	Total number of suppliers	Supplier	721	/
	Number of suppliers by region			
	Total number of domestic suppliers	Supplier	101	/
	Total number of overseas suppliers	Supplier	620	/
B6 Product Responsibility	Total number of complaints	Complaint	3	4
B7 Anti-corruption²¹	Number of initiated and concluded legal cases regarding corrupt practices	Case	0	0
	Number of anti-corruption training sessions provided to employees	Session	12	7

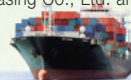
¹⁷ The statistics for this aspect covered China Development Bank Financial Leasing Co. Ltd., excluding its subsidiaries. The number and rate of work-related fatalities were also zero in 2019.

¹⁸ The statistics for this aspect covered China Development Bank Financial Leasing Co. Ltd., excluding its subsidiaries. For 2021, the percentage of employees trained in this category is calculated based on the “Number of employees trained in this category/Total number of employees trained” of the Hong Kong Stock Exchange, while for 2020, the calculation is based on the Group’s customary “Number of employees trained in this category/Total number of employees in this category at the end of the Reporting Period”.

¹⁹ The statistics for this aspect covered China Development Bank Financial Leasing Co. Ltd., excluding its subsidiaries.

²⁰ The statistics for this aspect covered China Development Bank Financial Leasing Co., Ltd. and its subsidiaries.

²¹ The statistics for this aspect covered China Development Bank Financial Leasing Co., Ltd. and its subsidiaries.





APPENDIX 3: ESG INDICATOR INDEX

Mandatory Disclosure Requirements		
Mandatory Disclosure	Description	Section for Disclosure
Governance Structure	A statement from the Board containing the following elements: (i) a disclosure of the Board's oversight of ESG issues; (ii) the Board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's business activities); and (iii) how the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's business activities.	ESG Statement of the Board
Reporting Principles	<p>A description of, or an explanation on, the application of the Reporting Principles in the preparation of the ESG report</p> <p>Materiality: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	About the Report
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About the Report
“Comply or Explain” Provisions		
Aspect	Description	Section for Disclosure
A1 Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Appendix 1 ESG Policy List
	A1.1 The types of emissions and respective emissions data.	Appendix 2 ESG Data List
	A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 2 ESG Data List
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 2 ESG Data List
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 2 ESG Data List
	A1.5 Description of emission target(s) set and steps taken to achieve them.	Adopting Low-Carbon Operation
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Adopting Low-Carbon Operation



“Comply or Explain” Provisions

Disclosure	Description	Section for Disclosure
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Adopting Low-Carbon Operation
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix 2 ESG Data List
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix 2 ESG Data List
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Adopting Low-Carbon Operation
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Adopting Low-Carbon Operation
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable taking into account business nature of the Group
A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Being Upright and Innovative in Our Practice to Achieve the Goals of Carbon Peak and Carbon Neutrality
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Being Upright and Innovative in Our Practice to Achieve the Goals of Carbon Peak and Carbon Neutrality
A4: Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Addressing Climate Change
	A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Addressing Climate Change
B1 Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Improving the Employment System Safeguarding Employees' Rights and Interests Appendix 1 ESG Policy List
	B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Appendix 2 ESG Data List
	B1.2 Employee turnover rate by gender, age group and geographical region.	Appendix 2 ESG Data List
B2 Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Emphasis on Employee Care Appendix 1 ESG Policy List
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix 2 ESG Data List
	B2.2 Lost days due to work injury.	Appendix 2 ESG Data List
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Emphasis on Employee Care
B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Supporting Employee Development
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix 2 ESG Data List
	B3.2 The average training hours completed per employee by gender and employee category.	Appendix 2 ESG Data List



“Comply or Explain” Provisions

Disclosure	Description	Section for Disclosure
B4 Labor Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Appendix 1 ESG Policy List
	B4.1 Description of measures to review employment practices to avoid child and forced labor.	Improving the Employment System
	B4.2 Description of steps taken to eliminate such practices when discovered.	Improving the Employment System
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Adopting Responsible Procurement
	B5.1 Number of suppliers by geographical region.	Appendix 2 ESG Data List
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Adopting Responsible Procurement
	B5.3 Description of practices relating to identifying environmental and social risks in every part of the supply chain, and how they are implemented and monitored.	Adopting Responsible Procurement
	B5.4 Description of practices relating to promoting usage of environmental friendly products and services when selecting suppliers, and how they are implemented and monitored.	Adopting Responsible Procurement
B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Adopting Responsible Procurement Providing Quality Services Boosting Green Shipping and Ensuring Safe Operation Appendix 1 ESG Policy List No health and labelling management relating to products and services is involved due to the business nature of the Group
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable due to the business nature of the Group
	B6.2 Number of products and service related complaints received and how they are dealt with.	Providing Quality Services Appendix 2 ESG Data List
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Protecting Intellectual Property Rights
	B6.4 Description of quality assurance process and recall procedures.	Not applicable due to the business nature of the Group
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Safeguarding Information Security
B7 Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Strengthening Integrity in Operation Appendix 1 ESG Policy List
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Appendix 2 ESG Data List
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Strengthening Integrity in Operation
	B7.3 Description of anti-corruption training for directors and employees.	Strengthening Integrity in Operation



Mandatory Disclosure Requirements

Mandatory Disclosure	Description	Section for Disclosure
B8 Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Enhancing National Competitiveness and Serving National Strategies Improving People's Livelihood and Undertaking Social Responsibility
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Enhancing National Competitiveness and Serving National Strategies Improving People's Livelihood and Undertaking Social Responsibility
	B8.2 Resources contributed (e.g. money or time) to the focus area.	Improving People's Livelihood and Undertaking Social Responsibility





APPENDIX 4: FEEDBACK

DISTINGUISHED READERS,

Thank you for reading our 2021 Environmental, Social and Governance Report. We are looking forward to your comments and invaluable suggestions to the Report, which will be of great benefit to us in continuous improvement of the Report.

Comments and suggestions to the Company in respect of our sustainable development are welcome and can be addressed to ir@cdb-leasing.com.

Feedback form for the 2021 Environmental, Social and Governance Report of China Development Bank Financial Leasing Co., Ltd.

Name _____

Company _____

Title _____

Telephone number _____

E-mail _____

Your comments on the Report: (Please tick ✓ as appropriate)

Do you think the Report highlights the important information of the Company in the environment, social and governance aspects?

☐ Very good ☐ Good ☐ Acceptable ☐ Bad ☐ Very bad

Do you think the information and indicators disclosed in the Report are clear, accurate and complete?

☐ Very good ☐ Good ☐ Acceptable ☐ Bad ☐ Very bad

Do you think the content arrangement and style design of the Report are reader-friendly?

☐ Very good ☐ Good ☐ Acceptable ☐ Bad ☐ Very bad

Which sections are you most interested in?

What other information that you need to know about is not reflected in the Report?

What advice do you have for our future release of environmental, social and governance reports?





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