



国银金租
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



2022

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 2022 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 2022 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 March 17, 2023 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 2022 Annual Report of the Company.

REPORTING PERIOD

The Report covers the period from January 1, 2022 to December 31, 2022 (the “Reporting Period” or the “Year”), with certain contents extending beyond the above period as necessary.

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 ESG requirements set out in the Work Plan for Improving the Quality of Listed Companies Controlled by Central Enterprises issued by the State-owned Assets Supervision and Administration Commission of the State Council (the “SASAC”) and 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, consistency and balance 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 Report provides an unbiased picture of the Group's performance during the Reporting Period to avoid the selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

PREPARATION PROCESS OF THE REPORT

The specific preparation process of the Report is as follows:

1. Held kick-off meeting by the Office of the Leading Group for ESG Work after the launch of the project
2. Update the issue database with the regulatory trend and industry trend, conduct stakeholder questionnaire survey and identify material issues
3. Distribute data collection lists to departments
4. Compile annual data and material feedback from each department
5. Collect further report materials through departmental interviews
6. Report preparation
7. Request for comments from departments
8. Review the report by the Party Committee and the Board
9. Report publication

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:

Address: 2/F, 7/F, 8/F, 17/F, 21-27/F and 34/F of CDB Financial Center, Fuzhong 3rd Road, Futian District, Shenzhen, Guangdong, China

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!

2022 was an important year for China to embark on a new journey toward the second centennial goal of building a socialist modern country in an all-round way. At present, the world, the times and history itself are undergoing changes in an unprecedented way, CDB Leasing stepped up efforts to undertake its responsibilities, thoroughly implemented the new development concept, sought innovation, promoted transformation, supplemented weaknesses, strengthened management, and solidly promoted high-quality 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 RMB354.717 billion, a year-on-year increase of 3.77%; new business investment amounted to RMB98.485 billion; net profit was RMB3.351 billion; non-performing asset ratio was 0.63%, staying below 1% since the Listing. While our performance was stable and improving, we have further improved the ESG governance system, promoted the integration of corporate strategy and ESG, and strengthened the implementation of ESG concept in our operation and corporate business.

SERVING NATIONAL DEVELOPMENT STRATEGIES

With our rich operational experience, leading market position, mature business model and excellent platform, we actively respond to the national strategic deployment, increase the coverage of key industries, help to improve the regional economy, support the development of small and micro enterprises, grasp the development opportunities of strategic emerging industries, and serve the development of the real economy. With financial facilitation and continuous upgrading of our business model, we continue to enhance our professional services to support rural revitalization and the development of micro and small enterprises.

PROMOTING THE GREEN AND LOW-CARBON TRANSFORMATION

By putting into practice the concept of green development, basing ourselves on the origin of leasing business and innovating in green financial products and services, we helped achieve the goals of “carbon peak and carbon neutrality” (“Double Carbon”) to contribute to green development. In order to help achieve the goal of Double Carbon, we enhanced our service capabilities in low-carbon business areas such as eco-friendly ships, energy-saving aircraft, clean energy and green transportation. We are committed to building a low-carbon office culture by promoting green operation construction and advocating employees to practice green concepts.

CONSOLIDATING THE FOUNDATION OF THE COMPANY’S OPERATION

By consolidating internal risk control, comprehensively sorting out management improvement directions and enhancing risk resolution and control capabilities, we further integrated ESG risks into our comprehensive risk management system; by establishing an internal ESG governance structure and formulating ESG management rules, we were committed to improving internal ESG management construction and the optimization and enhancement of information disclosure; by strengthening integrity-based operation and business compliance, we stepped up anti-corruption and anti-money laundering efforts; by strengthening intellectual property rights protection and information security, we made use of digital technology to empower us in offering quality services to customers; by implementing responsible and integrity-based supply chain management, we fully integrated ESG risk management into our value chain management.

UNDERTAKING CORPORATE SOCIAL RESPONSIBILITY

We fulfilled the responsibility of enterprises as social citizens by actively giving back to the society and contributed to the value of public welfare; encouraging our young volunteers to serve on the front line of pandemic prevention and control to live up to our social responsibility; we increased public welfare donations and supported the construction of rural infrastructure to continue to carry out donations to schools and help agricultural procurement activities.

EMPOWERING EMPLOYEES FOR SUSTAINABLE DEVELOPMENT

We put great emphasis on talent management, made efforts to build an equal, innovative, dynamic and harmonious work atmosphere, protect the rights and interests of employees, forming a complete human resource management system, 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, striving to build a platform for employee for working and entrepreneurship, a stage for self-realization.

With the rise of a great new era, we will enter into a new stage of development. In 2023, upholding our mission of “leading China’s leasing industry, serving the real economy”, CDB Leasing will continue to take advantage of our long operating history, leading market position, well-established business model and excellent brand, put into practice our core value of “stability, profession, integrity and win-win development”, continue to upgrade our business model, improve our professional service capability, achieve sustainable development, and strive to build 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.

The continued improvement in marketization and internationalization of the PRC financial industry, the increasing customer demand for customized leasing products and services, and current policies of financial supply-side reform launched by the state, steadfastly pursuing the path of high quality development and enhancing the ability of finance to serve the real economy, have brought important opportunities to the leasing industry. We believe that our 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 and continuously improve our professional service capabilities.

Milestones of Development

2022	Consolidation of the functions of internal control-related departments to establish the Internal Control and Compliance Department; establishment of Innovation Management Department
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 Co., Ltd., 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	Talent Philosophy
Leading China's leasing industry, serving the real economy	Building a world-class financial leasing company	Stability, professionalism, integrity, win-win	Market-oriented, professional, international, digital transformation	Balance between scale, quality and efficiency, consistent values among shareholders, the Company and employees	Everyone is equal in the face of risks and everyone is responsible for risk control	A platform for working and entrepreneurship, a stage for self-realization

1.3 ACCOLADES RECEIVED AND KEY ESG PERFORMANCE DURING THE REPORTING PERIOD

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

Time	Accolade
In January 2022	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 February 2022	Ranked 15th in the "Top 50 Medium-sized Companies" in the 9th "TOP 100 of Hong Kong Stocks" hosted by Tencent.com and Finet
In May 2022	CDB Aviation Lease Finance DAC won "Asia Pacific Debt Deal of the Year" and "Overall Deal of the Year" at 11th Session Airline 100 in 2022 of the Aviation Economics
In November 2022	Awarded "Shenzhen Service Trade Industry Leader Award" by Shenzhen Service Trade Association
In December 2022	Awarded the "Leading Enterprise in High Quality Development" in the 2022 (5th) China Financial Leasing "Soaring Award" ceremony hosted by the Global Leasing Industry Competitiveness Forum
In December 2022	Awarded the "Outstanding Case on Green and Sustainable Finance in Shenzhen" by Shenzhen Green Finance Association
In December 2022	Won the "Model of Inclusive Finance Award of the Year" at the 16th Financial Awards "Golden Banyan Awards" ceremony hosted by Shenzhen Special Zone Daily
In February 2023	Awarded "Extraordinary Contribution Award" by Futian District Committee of Shenzhen for the High Quality Development of Green Finance in Futian District in 2022



Photos of related accolades and awards

The Group's key ESG performance for the Reporting Period are as follows:

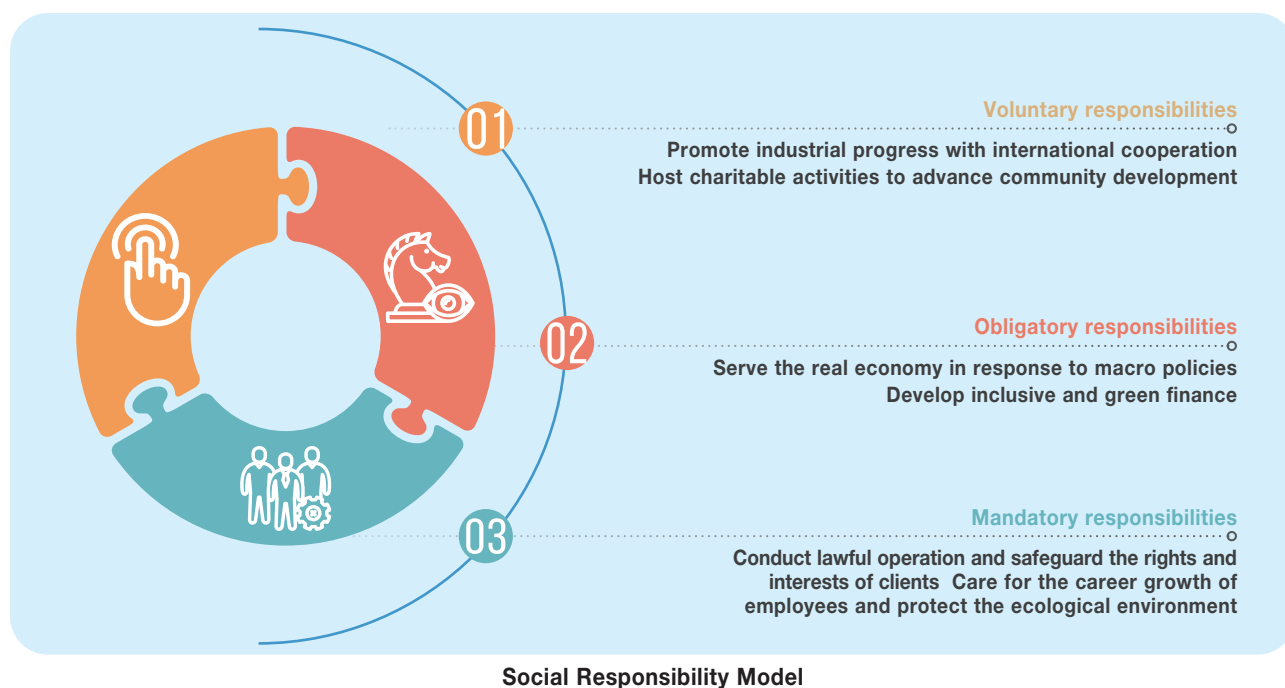
Scope	Performance Content
 Governance	<ul style="list-style-type: none"> The Group completed a total of 308 internal management improvement tasks Establishment of internal ESG governance structure and improved ESG management process
 Environmental	<ul style="list-style-type: none"> The balance of energy infrastructure leasing assets amounted to RMB 29.37 billion New clean energy power plant investment exceeds RMB 11 billion The Company's existing projects include 47 wind power plants with an installed capacity of 2,994.10 MW and 54 photovoltaic plants with a total installed capacity of 3,237.67 MW, which can achieve 8.60 million tons of carbon dioxide equivalent emission reduction per year Issuance of 2 green loans and 1 sustainability-linked loan
 Social	<ul style="list-style-type: none"> The Group completed the donation of RMB 1.98 million for village revitalization infrastructure and RMB 140,000 for the procurement of agricultural products for poverty alleviation Development of agricultural equipment leasing business, benefiting more than 2,200 end-users Support the coordinated development of regional economy with investing RMB 70.20 billion in key strategic areas

2. DEEPENING ESG RESPONSIBILITY MANAGEMENT

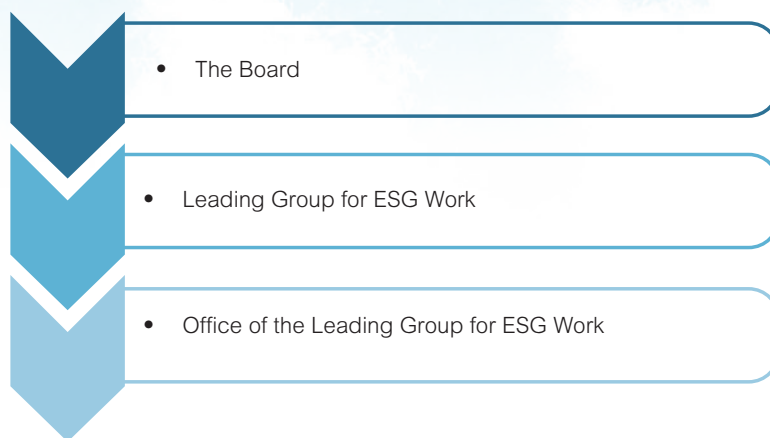
2.1 ESG STATEMENT OF THE BOARD

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 Work Plan for Enhancing the Quality of Listed Companies Controlled by Central Enterprises 《提高央企控股上市公司质量工作方案》 issued by the State-owned Assets Supervision and Administration Commission, 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》 and Issuance of Green Finance Guidelines for the Banking and Insurance Industry 《關於印發銀行業保險業綠色金融指引》 issued by the China Banking and Insurance Regulatory Commission ("CBIRC") and the Guidelines on Environmental Information Disclosure for Financial Institutions 《金融機構環境信息披露指南》 issued by 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.



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. The Board takes full responsibility for the Group's ESG strategy and reporting. During the Reporting Period, the Group reviewed the mainstream domestic and international trends and benchmarked against the best practices in the industry and prepared the Management Measures for Environmental, Social and Governance (2022 Edition) 《環境、社會及管治工作管理辦法(2022年版)》. Through the preparation of the document, the Group further improved its internal ESG governance structure, enhanced the Board's involvement in the management of ESG issues, refined the work responsibilities of each part of the ESG management system, and optimized the internal ESG management synergy, reporting procedures and major workflows. The document was internally reviewed and formally distributed to all departments, providing institutional norms and guidance support for future ESG management.



ESG Governance Structure

ESG Governance Structure	Composition	Main Responsibilities
The Board	Board members	<ul style="list-style-type: none"> • Approve the Company's important matters including ESG management policies and strategies, ESG plans, annual ESG reports, Environmental Information Disclosure Report, 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 and monitor the progress of ESG target implementation • Receive the Company's report on ESG work
Leading Group for ESG Work	Group leader: Chairman Deputy group leader: President, Secretary to the Board Members: heads of various departments (including the Business Division)	<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 mainly consist of contact persons for ESG work from various departments	<ul style="list-style-type: none"> • Lead in formulating the Company's draft ESG management approaches, strategies, priorities and goals, promote 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 ESG reports and Environmental Information Disclosure Report • 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




During the Reporting Period, the Office of the Leading Group for ESG Work held regular meetings to learn about the main idea of ESG regulatory trends and industry trends; to review past ESG efforts and discuss improvement plans; and to review the progress of implementing ESG goals.



Regular meetings held by Office of the Leading Group for ESG Work

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

Upholding the philosophy of actively undertaking corporate social responsibility, the Group takes the initiative to support the United Nations' Sustainable Development Goals ("SDGs")¹ through deeds by taking relevant actions in its business operation and daily operation and management, as well as participating in community investment activities. During the Reporting Period, 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 2022
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 assisted poverty-stricken counties in western China, such as Daozhen County and Wuchuan County by supporting the construction of rural infrastructure. 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.
SDG4 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 carried out fund-raising activities for boarding school and students in Anchong Township, Tibetan Autonomous Prefecture of Yushu, Qinghai. We carried out charity activities for students in Longchuan County, Heyuan City.

¹ 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.

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 2022
SDG5 Gender equality 	<p>Adhere to the national policy of gender equality and eradicate all forms of discrimination and prejudice against females.</p> <ul style="list-style-type: none"> 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.
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.
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 novel coronavirus pneumonia pandemic (the "COVID-19 pandemic" or "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 2022
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 serve the coordinated development of state-designated key regions and focus on investment in infrastructure and urban services in strategic regions such as the Yangtze River Economic Belt, Guangdong-Hong Kong-Macao Greater Bay Area, Beijing-Tianjin-Hebei and Yangtze River Delta.
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 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 “influence 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.

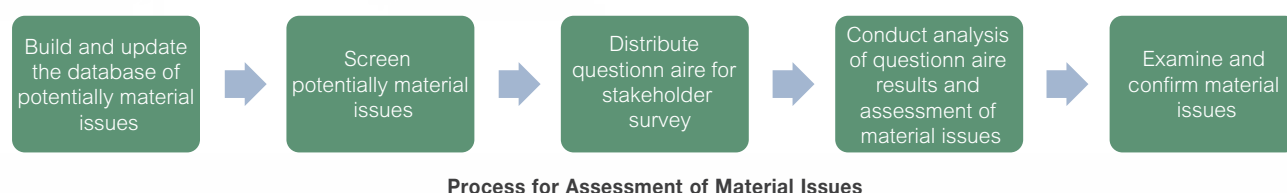
Major Stakeholder	Appeal and Expectation	Frequency	Communication and Response
Governments and regulatory authorities	Abide by laws and regulations for lawful operations Create job opportunities and pay taxes in accordance with the law Support regional and industry development	Irregular	Ensure compliant 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	Regular	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	Regular	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	Regular	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	Irregular	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	Irregular	Improve the media communication mechanism Disclose information via multiple channels
Communities and the public	Support community development	Irregular	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.

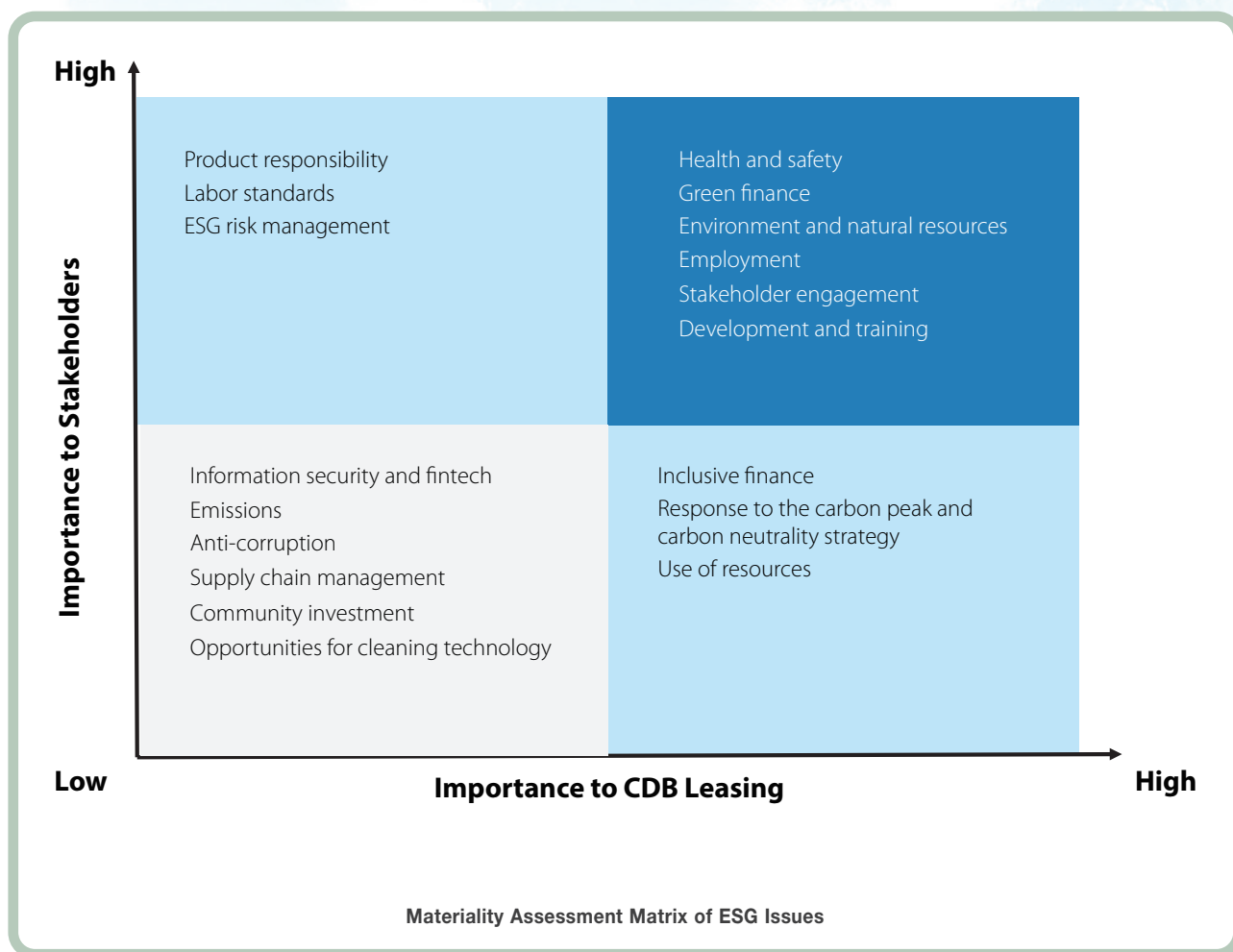
In the preparation stage for the assessment of material issues, the Group used the disclosure requirements set out in the ESG Reporting Guide as the basis, made reference to the Sustainability Accounting Standards Board’s (SASB) material issues for industries related to finance, developments of the CBIRC-related policy 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 and taking into full consideration of strategies of the Company, we made assessment from the two dimensions of “importance to CDB Leasing” and “importance to stakeholders”, drew the materiality assessment matrix of ESG, and finally determined 6 issues as material issues (including 2 environmental issues and 4 social issues). These issues are the key disclosure items in the Report and approved by the Board together with this report, and will be the focus of future ESG work.





Aspect	Material Issue	Section for Response
Environmental	Green finance	Promoting the green and low-carbon transformation
	Environment and natural resources	Promoting the green and low-carbon transformation
Social	Stakeholder engagement	Deepening ESG responsibility management
	Development and training	Empowering employees for sustainable development
	Health and safety	Empowering employees for sustainable development
	Employment	Empowering employees for sustainable development

3. SERVING NATIONAL DEVELOPMENT STRATEGIES

The Group proactively followed the three key national strategic directions of “double carbon economy, new infrastructure, new urban development initiatives and major projects and specialized, refined, differentiated and innovative” (雙碳經濟、兩新一重、專精特新), and smoothed the national economic cycle, 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

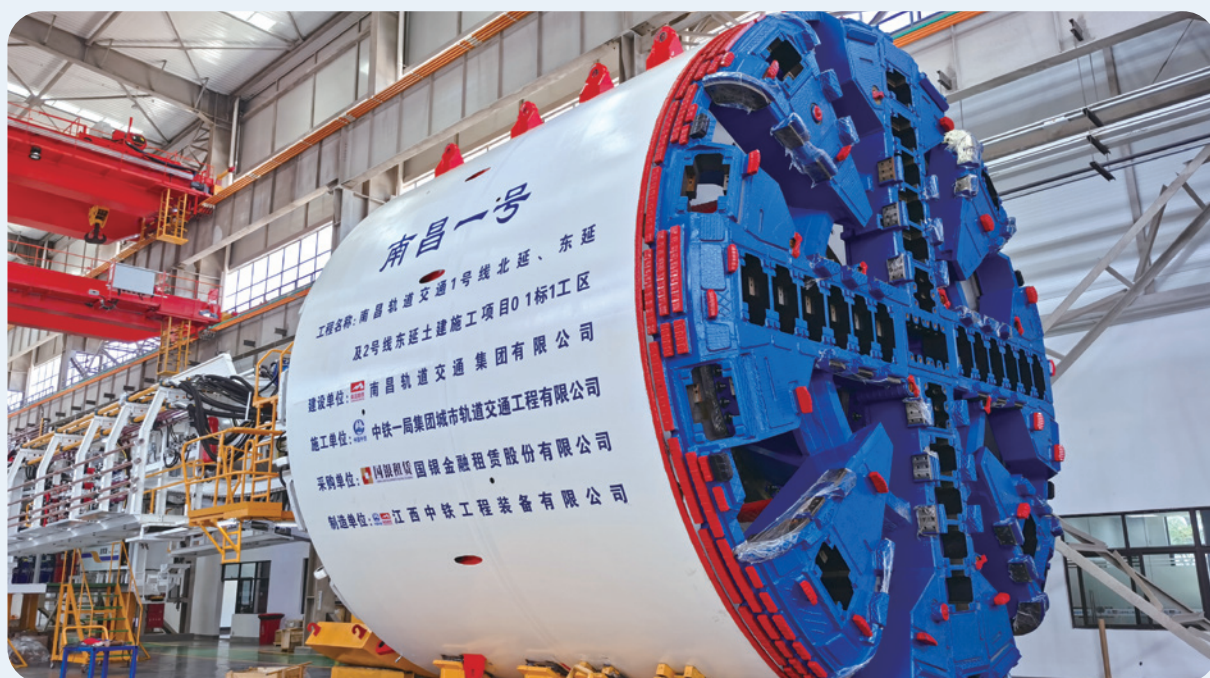
The Group thoroughly implemented the instructions of the leaders of the PRC to implement major regional strategies and coordinated regional development strategies, and further concentrated its business in state-designated key regions such as the Yangtze River Economic Belt, the Yellow River Basin, the Yangtze River Delta, the Beijing-Tianjin-Hebei Metropolitan Economic Circle, Guangdong-Hong Kong-Macao Greater Bay Area. The Group’s investment in the above key strategic regions were RMB70.2 billion 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. During the Reporting Period, the Group took into account the national strategy, market environment and business development plan of the Company, and formulated the Guidance on the Investment in Leasing Business on Main Responsibility and Principal Business (2022 Edition) 《關於租賃業務主責主業投向的指導意見(2022 版)》 and the “Instruction on Evaluation of Leasing Business Supporting the Yangtze River Protection and Green Development (2022 Edition) 《租賃業務支持長江大保護和綠色發展業務評審的指導意見》(2022 版) based on the strategic positioning and business characteristics of the Company, to clarify the priority and key support areas as well as the prohibited areas of the Company and form a positive and negative list to guide the business development.



Case: CDB Leasing implemented the shield machine leasing project to promote urban infrastructure construction

During the Reporting Period, the Company successfully conducted operating and leasing business cooperation for two batches of four shield machines in total, with the cooperation amount exceeding RMB170 million. Relevant shield machines were used in the key projects of the energy security system of Guangdong Province and the construction of rail transportation projects in Nanchang City. The successful implementation of this project reflects the Group’s long-standing strategic philosophy of serving the real economy and supporting regional development.



▲ Shield machine equipment

3.2 IN-DEPTH IMPLEMENTATION OF RURAL REVITALIZATION

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 regulatory institutions including the People's Bank of China, China Banking and Insurance Regulatory Commission, as well as the Opinions on Carrying out the Key Work of Financial Support for the Comprehensive Promoting Rural Revitalization in 2022 《關於做好2022年金融支持全面推進鄉村振興重點工作的意見》 issued by the People's Bank of China, and is committed to allocating financial resources to the key areas and weak links of rural economic and social development so as to better meet the diversified financial needs of rural revitalization.

During the Reporting Period, the Group actively implemented the instructions of the CPC Central Committee on the “Vigorously Promoting Agricultural Mechanization” and actively carried out research and development of agricultural machinery leasing business. At the same time, we continued to promote new energy projects, increased research and exploration in new areas such as distributed energy and energy storage and endeavored to bring economic benefits to farmers in poverty-stricken areas.



Case: CDB Leasing invested in agricultural machinery leasing business for the first time to help rural revitalization

CDB Leasing focused on the leasing industry to help the development of “agriculture, farmers and rural areas” and took the initiative to plan and actively explored relevant business layout and model, and successfully conducted agricultural equipment leasing business with a revenue of over RMB100 million for the first time. During the Reporting Period, the Company invested RMB192 million in its agricultural machinery business, benefiting 2,276 lessees from farmers and involving 2,359 of agricultural machinery and equipment. These agricultural machinery and equipment were delivered to the lessees for use in summer planting and autumn harvesting of grain crop during the busy farming season. In the future, CDB Leasing will increase cooperation with agricultural machinery manufacturers and agricultural market entities, intensify support for rural revitalization and agricultural mechanization development, actively practice inclusive finance with practical actions and further help rural revitalization.



▲ Agricultural machinery leasing project

3.3 DEVELOPING INNOVATION MODEL OF BUSINESS

The Group has closely focused on the innovation line of “double carbon economy, new infrastructure, new urban development initiatives and major projects and specialized, refined, differentiated and innovative” and has continued to conduct market research in new areas and broaden the sources of business innovation by focusing on areas such as logistics and storage, energy production, energy reserves, energy saving and consumption reduction, electric transportation, public services, construction and operation equipment and digital economy.

During the Reporting Period, the Group compiled two special research reports, Research Report on Leasing Support for Energy Storage 《租賃支持儲能領域研究報告》 and namely, the Research Report on Leasing Support for Charging Pile 《租賃支持充電樁領域研究報告》, as well as research Briefs on leasing support for industry chain financing in strategic industries and research in the field of marine economy, which provided a research basis for establishing innovative directions and finding pilot projects for the future operation of the Group.

In addition, the Group set up 11 special innovation teams and research projects in 15 areas during the Reporting Period, each of which was responsible for promoting innovation pilot projects in new areas such as power exchange for passenger car, industrial chain of key enterprises, distributed photovoltaic, urban distribution logistics, energy storage and power station operation and leasing. We launched 4 pilot projects, developed 1 leasing product with an investment of RMB1,823 million. At the same time, the Group increased its investment in strategic emerging industries and invested RMB10,950 million in new generation information technology, new energy automobile manufacturing, clean energy and biomedicine.

**Case: CDB Leasing's successful piloting of the trust model of small and medium-sized Hydropower Plant**

In 2022, based on the experience of implementing the pilot projects, CDB Leasing promoted the transformation of the innovative pilot results into leasing products and promoted product solutions on the small and medium-sized hydropower station under "trust model".



▲ Pictures of small and medium-sized hydropower stations

3.4 SUPPORTING THE DEVELOPMENT OF MICRO AND SMALL ENTERPRISES

The Group has thoroughly implemented the important spirit of developing inclusive finance of the relevant state departments, actively responded to the spirit of the Notice of Further Strengthening Financial Support for the Development of Micro and Small Enterprises in 2022 《關於2022年進一步強化金融支持小微企業發展工作的通知》 and Guiding Guidelines on Further Supporting Customers Affected by the Epidemic and Disaster to Tide over the Difficulties 《關於進一步支持疫情災情受困客戶渡過難關有關工作的指導意見》 of the China Banking and Insurance Regulatory Commission, and thoroughly implemented the Notice on Further Strengthening Financial Services to Support the Sustainable and Stable Development of the Economy and Society during the Period of the Epidemic 《關於進一步加強疫情期間金融服務支持經濟社會持續穩定發展的通知》 of the Shenzhen Banking and Insurance Regulatory Bureau and Shenzhen Securities Regulatory Bureau to strengthen and deepen the financial services of micro and small enterprises, support micro and small enterprises in the recovery and high-quality development and help smooth the national economic cycle.

In 2022, some market entities encountered difficulties in production and operation due to the non-concentrated outbreak of the epidemics in several places of Mainland China as well as other factors. The Group took the initiative to formulate timely relief measures and visited customers to understand the situation of enterprises affected by the epidemic, the practical difficulties they encountered and their financing needs, and delivered precise beneficial policies and personalized financial services to enterprises. During the Reporting Period, the Group drafted the Work Plan on Supporting Enterprises in Difficulty due to the Epidemic 《關於疫情支持受困企業的工作方案》, precisely implemented the policy for four categories of customers, formulated corresponding extension periods, helped micro and small customers overcome the difficulties of the epidemic, and applied for deferred payments of principal and interest for 1,041 customers in total and implemented 93,529 extensions and reduced or waived the interest incurred for deferred rent payments.

At the same time, CDB Leasing made use of technology to empower and promote its inclusive finance business, focused on construction machinery, commercial vehicles, passenger cars and dental and medical industries, and paid close attention to the difficulties and financial needs of enterprises due to the epidemic, provided support to over 190,000 micro, small and medium-sized customers in total, which generally covering all provinces, autonomous regions and municipalities directly under the Central Government. During the Reporting Period, the Group invested RMB17,370 million in the business of construction machinery and commercial vehicles with over 45,000 units of new equipment, which fully benefited the customers of micro, small and medium-sized enterprises and mitigated the financing difficulties and high financing costs encountered by small and medium-sized enterprise customer.

4. PROMOTING THE GREEN AND LOW-CARBON TRANSFORMATION

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 for 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》, the 14th Five-Year Plan for Modern Energy System 《十四五现代能源体系规划》 and the 14th Five-Year Plan for Renewable Energy Development 《十四五可再生能源发展规划》. We integrate the concept of green and low-carbon development into the whole process of our corporate governance, corporate culture, business development, operation management and 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.

4.1 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 carbon peak and carbon neutrality, and an important measure for China to deal with climate change and undertake its international commitments. In June 2022, the National Development and Reform Commission, the National Energy Administration, the Ministry of Finance and other nine departments jointly issued the 14th Five-Year Plan for Renewable Energy Development, which establishes the “double carbon” and 2035 long-term goal, vigorously promotes the development and utilization of renewable energy for power generation, and actively expands the scale of non-electricity utilization of renewable energy.

The Group tapped into its comprehensive advantages in the energy field, increased investment in clean energy, 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. During the Reporting Period, the Group invested RMB11, 408 million in boosting clean energy supply. As of the end of the Reporting Period, the Group managed a total of 101 wind power and photovoltaic projects, including 47 wind power plants with an installed capacity of 2,994.10 MW and 54 photovoltaic plants with an installed capacity of 3,237.67 MW, which can meet the power demand of 4.20 million households, and reduce 8,600,000 tonnes of carbon dioxide emissions every year, putting green development requirements into practice.

In addition, the Group promoted innovative energy and power businesses such as distributed photovoltaic and energy storage, strengthened market research and model studies, and promoted innovation in green leasing products. During the Reporting Period, the Group invested RMB325 million in total and successfully implemented distributed photovoltaic projects with a total installed capacity of 96.9 MW through cooperation with large-scale industrial and commercial distributed photovoltaic project parties, which was expected to reduce approximately 98,000 tons of carbon dioxide emissions every year.



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

Project Name	Project Highlight	Average Environmental Benefits Per Annum ²					Others
		Standard Coal Equivalent Saved ('0,000 tonnes)	Sulphur Oxides Reduced ('0,000 tonnes)	Carbon Dioxide Reduced ('0,000 tonnes)	Nitrogen Dioxide Reduced ('0,000 tonnes)	Water Resources Saved ('0,000 tonnes)	
400 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 project adopts the complementary mode of agriculture and light, and makes reasonable use of light resources on the roof of the shed according to the characteristics of crop growth. 	2.48	0.20	6.60	0.10	/	/
							
400 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"> It effectively supports the completion of the project through a direct lease model; The project provides a green electric energy supplement to the local energy supply and helps to relieve the pressure for environment protection on the electric industry. 	49.41	0.43	132.5	0.43	/	/
							
30 MW photovoltaic power plant equipment and ancillary facilities assets leaseback project of Qianguo Yiming Photovoltaic Technology Development Co., Ltd. (前郭縣一明光伏科技發展有限公司)	<ul style="list-style-type: none"> The project is divided into two phases, of which the second phase is a twenty-year poverty alleviation project, which period is 20 years, with an annual expenditure of RMB240,000 for 80 households in 31 villages and has achieved outstanding socio-economic effects. 	1.29	0.20	3.56	0.06	11.44	/
 							

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

4.2 SPEEDING UP THE 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. In 2022, the new energy policy had been continuously launched, and the market share of new energy commercial vehicles markedly increased in the commercial vehicle industry due to a series of policy supports, such as “subsidies” and “right of way”. The Group proactively participated in the industry reform and took advantage of the opportunities of industrial transformation and upgrading to set up new business presence, made innovation green financial products and services, continuously improved its digital service capability with the help of technology and negotiated with a number of new energy vehicle enterprises to achieve new breakthroughs in the areas of battery replacement and leasing of vehicles and new energy vehicle leasing.

During the Reporting Period, the Group entered into cooperation with new energy vehicle enterprises such as NETA Automobile, Yutong Group and Geely Group to provide supporting financial schemes for the sales of new energy vehicles, promoted the development of the new energy vehicle industry, facilitated the realization of the “double carbon” goal and helped the green transformation of the economy and society; and launched a new energy logistics vehicle financing and leasing project with Dishangtie Car Rental, an enterprise in the field of urban distribution logistics to support the smooth development of the freight logistics industry.

In the future, CDB Leasing will continue to give full play to the “financing + asset leasing” function of financial leasing, increase the strength and breadth of cooperation with new energy vehicle enterprises. It will enhance the service capability of the real economy through digital transformation, design multi-model financial products with science and technology, serve the transformation and development of the automobile industry in several links such as the production, circulation and sales of new energy vehicles, and will serve the green development in all aspects with the new development concept of innovation, coordination, green, openness and sharing and the high-quality development strategy of the PRC.



Case: CDB Leasing supported green transformation of urban bus with pure electricity in Shenzhen

CDB Leasing made full use of financial leasing tools to support the business promotion of new energy vehicles in the public domain. Up to the end of the Reporting Period, CDB Leasing offered more than RMB5,200 million of financing support to six large domestic bus companies for adopting more than 5,400 new energy buses. In Shenzhen, CDB Leasing supported the renewal of 4,451 new energy buses, accounting for one-third of the total number of new energy vehicles in Shenzhen’s public transport system, which has contributed to the pure electricity of urban bus and the environmental protection in Shenzhen, and served as an example nationwide.



▲ Shenzhen Green Bus Project



Case: CDB Leasing achieved business investment in the first new energy logistics vehicle

During the Reporting Period, CDB Leasing and Dishangtie Car Rental, an enterprise in the field of urban distribution logistics, launched a new energy logistics vehicle financing and leasing project and completed the investment in the leasing business of RMB800 million and 958 new energy logistics vehicles. These new energy vehicles have entered the urban distribution logistics enterprises and promoted the innovation of low-carbon transportation mode. Based on the calculation that one new energy vehicle can reduce carbon emissions by approximately 2 tons per year, this batch of vehicles can reduce carbon emissions by 1,916 tons per year. The Group cooperated with logistics vehicle enterprises by the financing lease model and planned to gradually transition to the vehicle operating lease model to facilitate the early realization of the urban green freight and double carbon goals.

4.3 ADOPTING LOW-CARBON OPERATION

The Group integrated green environmental protection concept into daily office work and operation, and formulated management systems such as the Administrative Measures on Printing 《文印工作管理辦法》 and Implementation Guidelines for Management of Drivers 《駕駛員管理實施細則》. The emissions of the Group are mainly wastes produced from office operations. Use of resource mainly includes consumption of electricity, natural gas, water as well as fuel consumption by official vehicles. The Group is committed to reducing the emission impacts on environment and resource consumption during the operation and extends our presence in bringing into play the low-carbon operation concept through water conservation, energy conservation and emission reduction, green office and waste management. The energy saving rate and the ratio of recycled materials used in CDB Financial Center where the Group's head office locates, met the requirements for green buildings and the Center was awarded the silver level certification of the Shenzhen Green Building Evaluation Code. During the Reporting Period, the Group generated no major pollution and impact on the environment in its operations.

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". During the Reporting Period, the Group will continue to improve the approaches to achieve the targets and regularly track the progress towards completion. Overall measures are now progressing steadily. During the Reporting Period, the Group completed an annual carbon inventory by engaging a third-party organization to understand the basic situation of carbon emissions and to identify more potential improvements for carbon reduction in the process of operation. In line with the enhancement recommendations, the Group has actively embarked on energy-saving technological improvements and plans to invest in the electrification of its canteens during the period of 2022-2025.

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
	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
Improve energy efficiency	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.



Water conservation:

- We leveraged the reclaimed water system to treat 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 balance periodical testing system
- We arranged special personnel to check water usage and established completed water-saving management system of post responsibility and reward and punishment system of water-saving quota
- We installed induction taps, and adjusted and reduced the water output of water valve for toilet equipment
- We posted water-saving slogans in toilets and pantries to enhance employees' awareness of water conservation

During the Reporting Period, the Group did not have any problems in obtaining suitable water sources and has carried out water balance tests in accordance with the local requirements of Shenzhen. The results of the test showed that CDB Leasing now has a well-functioned equipment maintenance system in place and the water equipment is in good working order.



Green office:

- We proactively advocated green office, and encouraged paperless office and paperless meeting
- We shredded office paper after use and transferred to a specialized waste paper treatment center for de-inking and reuse
- We unified the procurement of office supplies from the government procurement list of environmentally labelled products
- We reduced the number of printing
- 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
- 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, the Group 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 the construction of lush mountains and limpid water.

4.4 STRENGTHENING RESILIENCE TO CLIMATE CHANGE

The Global Risks 2023 report from the World Economic Forum identifies the top four risks exposed to the world in the next decade including failure of climate mitigation, failure of climate adaptation, extreme weather and natural disaster, and reduced biodiversity. And it is difficult to estimate the influence of climate changes on the global.

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, under the transformation risks brought by equipment development and technological innovation in a low carbon transition and the physical risks brought by extreme weather or sea level rise, the fixed assets such as leased equipment held by the Group may be impaired or insolvency.

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 annual climate risk review and analysis on its business value chain and referring to the relevant public materials of TCFD, the Group has updated a list of climate risks The heads of relevant functional departments of the Group evaluate each climate risk 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" and conducted periodic review of target achievements. 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 Robust and Steady 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

In 2021, 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. During the Reporting Period, we accorded priority to this risk and took measures to deal with it. Meanwhile, we reviewed and updated climate-related risks 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 (such as floods and typhoons) 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	<p>We pay close attention to extreme weather and natural disasters and study their impact on the leasing industry</p> <p>We buy insurance or procure customers to buy insurance to avoid impairment of leased assets due to natural disasters</p> <p>To help customers affected by natural disasters, we have formulated policies to reduce rents to bail them out of difficulties</p>

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 low-carbon 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
Energy efficiency	Usage of low emission or renewable energy sources	We use low emission energy sources to reduce operating costs and future fossil fuel price rises or supply risks	Decrease in operating cost	CDB Aviation plans to switch to 100% renewable energy to support office power by 2023
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
Market	Adopt supportive and incentive policies	We make good use of the government's incentive policies and financial instruments in the market to bring government subsidies and financial support to enterprises	Increase in operating income	We promote green finance to support the development of the new energy industry and green shipping, and provide reliable capital protection for the development of new energy and green shipping through the issuance of green loans
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

4.5 NAVIGATING GREEN SHIP TRANSFORMATION

The Group developed the ship business with the business philosophy of “pursuing further business development based on long-term diligent work” and achieved a balanced development of operating leasing and financial leasing business. The Group implemented over 10 special systems regarding its ship leasing business including the Measures for the Administration of Ship Leasing Business 《船舶租賃業務管理辦法》, Operating Rules for the Development of Ship Leasing Business 《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 《船舶經營租賃業務應急響應操作規程》, continuously 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.

Green and low-carbon development has become an inevitable trend for the shipping industry. To follow this trend, the Group makes early arrangements to continuously transform existing ships into energy-saving ones, and designs newly built ships in a way that can reduce greenhouse gas emissions.

In terms of air pollutant emissions, the main engines of all projects meet the Tier III nitrogen oxide emission requirements of the International Maritime Organization³ (“IMO”). In addition, SCR denitrification systems are installed to process nitrogen oxide emissions to further reduce the emission value. At the same time, in accordance with the requirements of IMO to reduce sulfur emissions, all ships have been equipped with desulfurization towers or use low-sulfur fuel to ensure compliance.

In terms of greenhouse gas emissions and energy use, the Group installed energy-saving devices on new ships under construction, which saved fuel consumption by approximately 5% compared with ships of the same type that were not equipped with. At present, all newly-built ships meet the IMO Energy Efficiency Design Index⁴ (“EEDI”) standards stage II (20% higher than the baseline of carbon emission energy efficiency index), and certain of ships have met the stage III standard (30% higher than the baseline of carbon emission energy efficiency index). All existing ships have met the Energy Efficiency Existing-Ship Index (“EEXI”) through measures such as limiting power and installing energy-saving devices. As of the end of the Reporting Period, the Group had a total of 222 ships (another 43 new ships were under construction) within its fleets, including 172 environment friendly ships, accounting for 77.5% of the total fleet size.

During the Reporting Period, there were no major safety incidents such as oil pollution and damage to public facilities on ships operated by the Group, and no public complaints from crew members occurred. In 2023, the Group plans to use biofuel on a trial basis for some ships to reduce carbon emissions under the premise of ensuring the safety of ship operation.



Case: Green Fleet of CDB Leasing – New Dayang CRWON63 PLUS Bulk Carrier

The Group placed an order for nine new 63,000-ton bulk carriers at New Dayang Shipbuilding, and the ships are expected to be delivered from 2023 to 2024. The energy efficiency indicators of this batch of ships meet the EEDI stage III standard. During the Reporting Period, the Company installed intelligent management systems on the ships of this project. By combining weather information to predict future sea conditions and to optimize the speed of the ship, the system is expected to reduce the average fuel consumption by 3%-6% and improve the cost-effectiveness of ship operation and the effect of energy saving and emission reduction. The emissions of the main engines of the ships have met the Tier III standard, which can effectively reduce the emission of nitrogen oxides and meet the requirements of the International Convention on Pollution Prevention. The ships are also equipped with exhaust gas desulfurization systems and denitrification systems, which can reduce nitrogen oxide emissions by more than 85% and sulfur oxide emissions by more than 90%, meeting the requirements of the International Convention on Pollution Prevention and characterizing by intelligence, cost-effectiveness, greenness, environmental protection, energy saving, and safety.



▲ Ship energy-saving device installation

3 The IMO is a specialized agency of the United Nations responsible for the safety of maritime navigation and the prevention of marine pollution caused by ships. It is committed to promoting the reduction of greenhouse gas emissions and the prevention and control of marine pollution in the shipping industry.

4 The Energy Efficiency Design Index (EEDI) is a quantitative constraint added to the ship design stage by the IMO in order to reduce carbon emissions. The purpose is to require new ships delivered after 2013 to make emission reduction arrangements at source; for ships delivered before 2013, emission constraints are carried out through the Energy Efficiency Existing-Ship Index (EEXI).

4.6 IN-DEPTH IMPLEMENTATION OF GREEN FINANCE

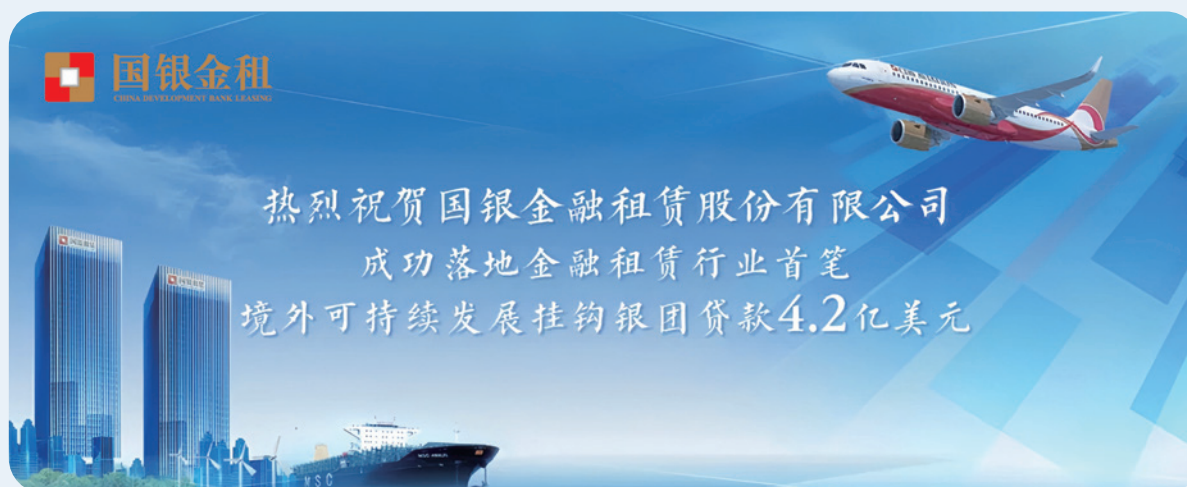
The Group comprehensively promotes green finance to provide reliable financial guarantee for the sustainable development of the Company and the development of China's new energy through the issuance of green loans. During the Reporting Period, the Group issued a sustainable development-linked syndicated loan of US\$420 million overseas, and issued green syndicated loans within the PRC and obtained green financing totaling RMB2.28 billion.

The Group actively carried out fundraising attempts in overseas green markets, leading the innovative exploration of overseas financing models in China's leasing industry. During the Reporting Period, the sustainable development (ESG)-linked syndicated loan was launched in the overseas market for the first time, using the method of "linking" with the key indicators of the sustainable development of CDB Leasing. The loan interest rate has been preferentially adjusted according to the completion of the index performance target, which is significantly lower than the current borrowing cost of overseas banks with the same term, playing a positive role in controlling financing costs for CDB Leasing and helping improve future business stability.



Case: CDB Leasing successfully issued the sustainable development (ESG)-linked syndicated loan

In May 2022, under the background of intensified overseas inflation, rising US dollar loan interest rates, and increasing pressure from the global energy crisis, CDB Leasing successfully issued the sustainable development (ESG)-linked syndicated loan of US\$420 million in Hong Kong and European markets. The lead banks included Bank of China, Luxembourg Branch and Agricultural Bank of China, Hong Kong Branch, while the joint banks included ANZ Bank, Hong Kong Branch and Nanyang Commercial Bank. This is the Company's first attempt to raise funds in the overseas green market, and it is also the first overseas sustainable development (ESG)-linked syndicated loan in the financial leasing industry.

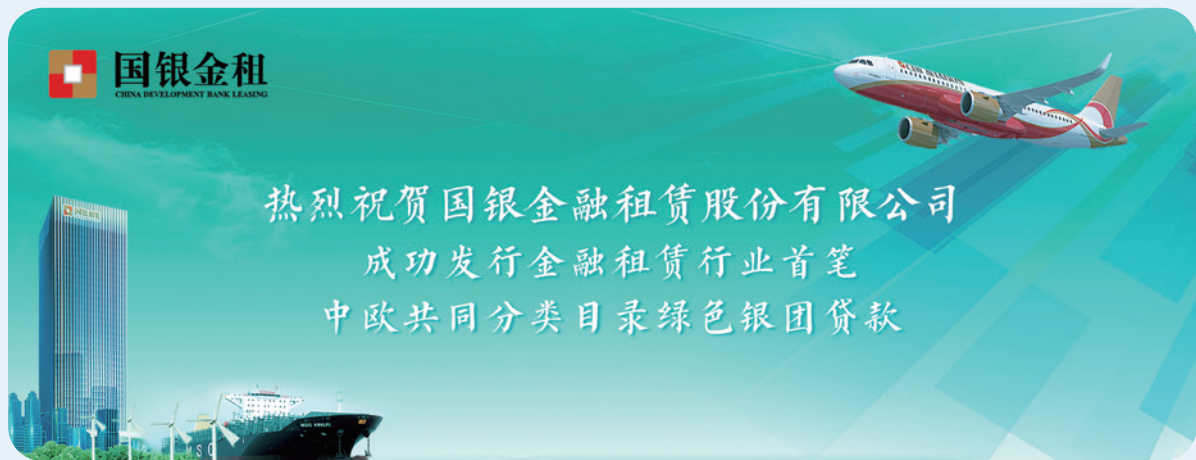


▲ Issuance of overseas sustainable development (ESG)-linked syndicated loan



Case: CDB Leasing issued the first green RMB-denominated syndicated loan under the China-Europe Common Classification Catalog in the domestic market

In November 2022, the first green RMB syndicated loan was issued in the onshore market under China-European Common Classification Catalog, and a three-year RMB2.0 billion syndicated loan was finally and successfully raised in January 2023, which is to support specifically wind power projects in the clean energy sector. The lead banks arranging the syndicated loan included Mizuho Bank (China), Ltd., Standard Chartered Bank (China) Limited and Sumitomo Mitsui Banking Corporation (China) Limited, and the joint banks included Shanghai Branch of Bank of Yokohama. The project had been certified by Lianhe Equator Environmental Impact Assessment Co., Ltd, and in its certification report, it confirmed that this green syndicated loan complied with various domestic and foreign certification standards such as the Green Industry Guidance Catalogue (2019 Edition) 《綠色產業指導目錄(2019年版)》 issued by the National Development and Reform Commission, the Green Loan Principles jointly issued by the Loan Market Association and the Asia Pacific Loan Market Association, the criteria of the latest China-European Common Classification Catalog and the United Nations Sustainable Development Goals.



▲ Issuance of green syndicated loan

The Group also resolutely implemented the “Decision and Deployment on Building a Maritime Power” 《關於建設海洋強國的決策部署》 of the Central Committee of the Communist Party of China and the State Council and Shenzhen’s “Requirements on Accelerating the Work of Building an International Ocean Center City” 《關於加快建設國際海洋中心城市工作的要求》 and “Guiding Opinions on Shenzhen’s Banking and Insurance Industry to Promote the Development of Blue Finance” 《深圳銀行業保險業推動藍色金融發展的指導意見》, gave full play to the role of leasing in supporting the marine industry, adhered to the innovative development spirit of first-hand trial, introduced the innovative concept of blue finance and actively carried out related financing business.



Case: CDB Leasing successfully launched the first blue economy-themed financing

At the end of December 2022, CDB Leasing and Luxembourg Branch of Bank of China entered into a blue economy-themed loan agreement, and successfully launched the first blue economy-themed financing of US\$260 million on January 6, 2023 to promote green and environmentally friendly shipping business and to facilitate marine environmental protection and the sustainable development of the blue economy. This project loan is the first blue economy-themed financing in the financial leasing industry that meets multiple certification standards such as the “Blue Finance Guidelines” 《藍色金融指引》, “Green Loan Principles” 《綠色貸款原則》 and “United Nations’ Sustainable Development Goals”.

In addition to the successful issuance of the above three green loans, the Group also obtained a green loan of RMB480 million issued by Sumitomo Mitsui Banking Corporation (China) Limited to support the construction and operation of wind power stations.

CDB AVIATION: INVESTING IN THE GREEN TRANSITION OF AVIATION THROUGH A FUEL EFFICIENT, LOW EMISSION PORTFOLIO

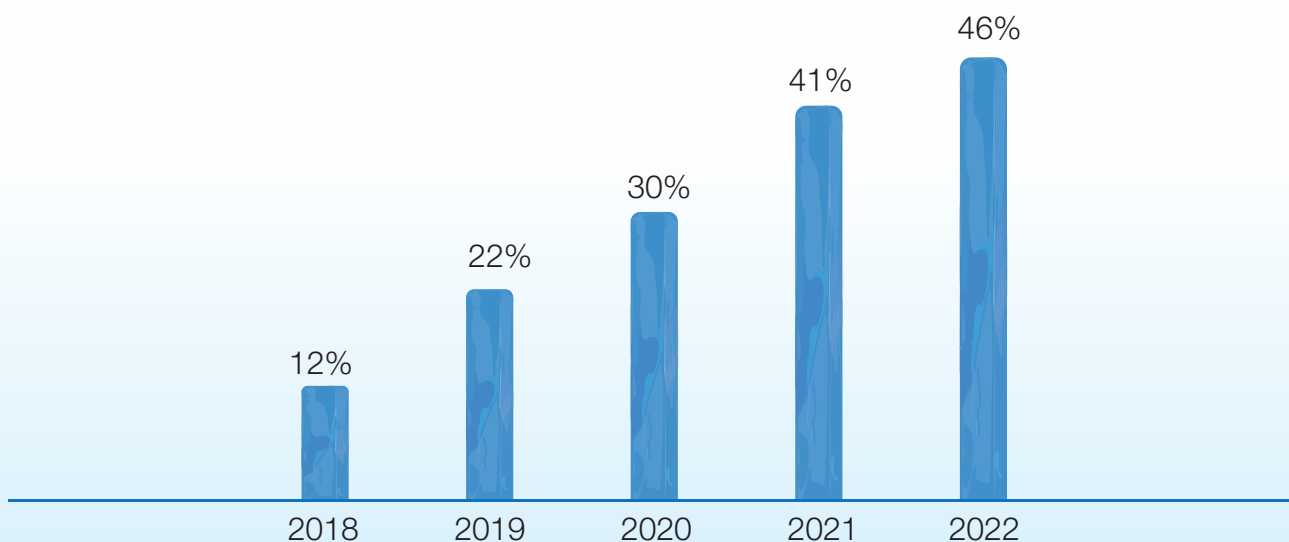
Under global climate change pressures and society-wide carbon reduction initiatives, the aviation industry, which contributes 2.5% of global CO₂ emissions, is stepping up its role in climate action and making strides towards a cleaner future. In October 2021, the International Air Transport Association (IATA) and the Air Transport Action Group (ATAG) announced the aviation industry's intention to achieve net zero emissions by 2050 and released the industry's net zero plan.

However, globally, only 20% of the jet fleet is currently comprised of new generation, lower-emissions aircraft, and the application of sustainable aviation fuels accounts for less than 1% of aviation fuel consumed. The aviation industry faces an enormous challenge as it seeks to achieve a transformation to low-carbon. As a lessor of aircraft to airlines, CDB Aviation, a subsidiary of CDB Leasing, has been playing a leading role in the industry transformation by making great efforts to improve the tracking and management of the environmental footprint of the industry.

In terms of expanding its portfolio of low-emissions aircraft, CDB Aviation is making full use of the opportunities presented by the market environment to further increase the proportion of new generation aircraft. With up to 25% lower emissions than the types they replace, these new aircraft help contribute to a more sustainable aviation industry, by reducing fuel consumption and greenhouse gas emissions.

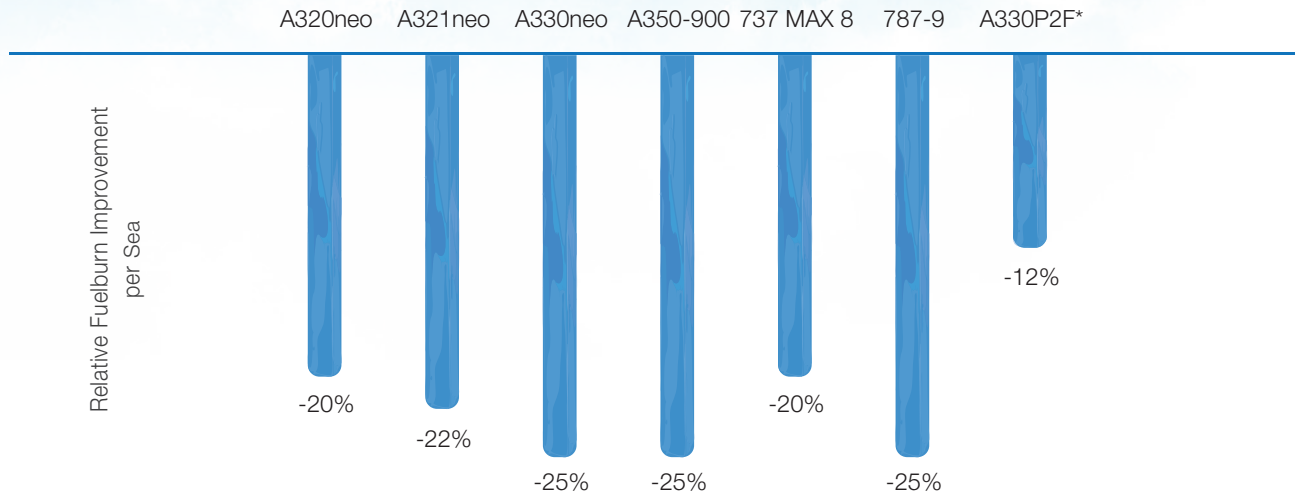
By the end of 2022, CDB Aviation had a fleet of 125 new generation, low emissions aircraft among its broader fleet of 273 aircraft on operating lease. They accounted for 46% of the overall fleet, representing a year-on-year increase of 23.76%, of which 24 were newly added in 2022. During the Reporting Period, the total emissions reduced by low-emission aircraft leasing business⁵ reached 195,000 tonnes of carbon dioxide equivalent. In addition, CDB Aviation is committed to achieving a 60% low emissions aircraft fleet composition by 2025.

Share of New Generation, Low Emissions Aircraft at CDB Aviation (2018-2022)



⁵ Including 737 MAX/787, A320/A321neo, A330neo and A350.

CDB Aviation's Fuel Efficient Fleet (2018 vs 2022)

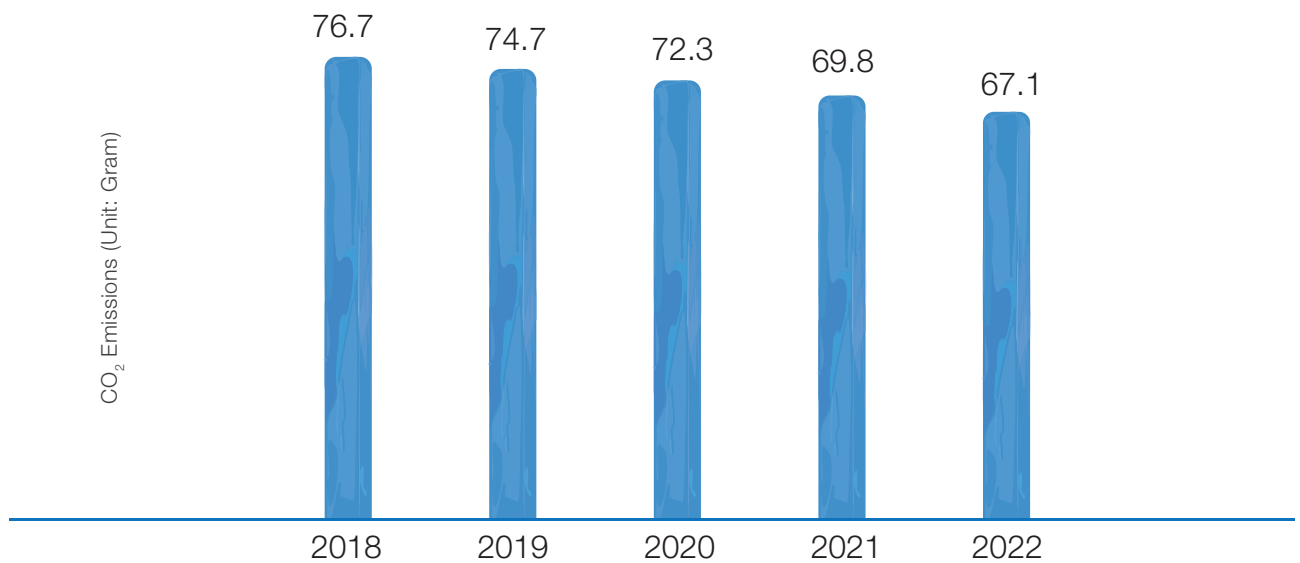


Note:

All values from Airbus and Boeing. Type comparisons used:

- * A320neo vs A320ceo; A321neo vs A321ceo
- * A330-900 vs B767-300ER; A350-900 vs B777-200ER
- * 737 MAX 8 vs 737-800; 787-9 vs 767-300ER; A330-300P2F vs 767-300F
- * A330 P2F is measured per tonne and not per seat

CDB Aviation's Relative CO₂ Emissions (Grams per Seat / Kilometre;2018-2022)



From the statics since 2018, the CO₂ per Available Seat Kilometer continues to decrease, from 76.7 grams of CO₂ per Available Seat Kilometer down to 67.1 grams, and the relative efficiency of the fleet has improved by 12% since 2018.

Year	Total CO ₂ emissions (m tonnes)	CO ₂ emissions per seat/km (grams)
2018	6.2	76.7
2019	6.6	74.5
2020	3.4	72.3
2021	4.0	69.8
2022	5.5	67.1

Comparison of CDBA fleet emissions data in 2019 and 2022:

2019		2022	
CDBA Portfolio	256 aircraft	CDBA Portfolio	256 aircraft
CDBA Flights	313,000	CDBA Flights	276,000
Distances Flown	444 million km	Distances Flown	420 million km
CO ₂ Produced	6.6 million tonnes	CO ₂ Produced	5.5 million tonnes
CO ₂ per Seat/Km	74.5	CO ₂ per Seat/Km	67.1

The benefits of new generation aircraft go beyond CO₂ emissions, with newer aircraft also quieter and less polluting than older aircraft. For example, a 737 MAX 8 has a 50% smaller noise footprint than the previous generation 737-800. A similar degree of noise reduction can be seen in the A320neo family, A330neo, A350 and 787s compared to the previous generation. In terms of reducing air pollution, A320neo NOx emissions are up to 49% below Committee on Aviation Environmental Protection (CAEP) standards.

For Sustainable Aviation Fuels (SAF), Airbus, Boeing and Embraer S.A. are certified to operate on up to 50% SAF blends. CDB Aviation is also actively encouraging its lessee to increase the use of SAF in their aircraft operations. And CDB Aviation plans to introduce innovative green leasing models by using the lessee's SAF application and decarbonization programs as evaluation factors. In addition, CDB Aviation has supported Heart Aerospace (a Swedish original equipment manufacturer founded in 2018) in the development of the 30-seat hybrid electric powered regional aircraft ES-30 and plans to accelerate SAF and new technology innovations in the future.



United uses CDB Aviation 737 Max 8 for 100% SAF flight

For the Scope 3 emissions data tracking, CDB Aviation is working with IBA, a data provider, to conduct aviation emissions analysis and assessment of decarbonization risks and opportunities for leased aircraft. 99.996% of our emissions come from CDB Aviation's portfolio (Scope 3 Downstream Operation).

Activities	CO ₂ e (tonnes)		
	2019	2022	2022 Share
Scope 1			
Direct Emissions	504	187	0.003%
Scope 2			
Indirect Emissions from Purchased Energy	55	47	0.001%
Scope 3			
Indirect Emissions from Everything Else	99.996%		99.996%
Upstream	2,150	1,189	
Downstream	6,600,193	5,503,764	
Total Emissions	6,602,902	5,505,187	100%
Improvement		-17%	



Aircraft Recovery in TARMAC Aerosave

In terms of recycling of old aircraft, CDB Aviation has partnered with TARMAC Aerosave, a global leader in aircraft and engine recycling, and has successfully recycled two aircraft in the past two years.

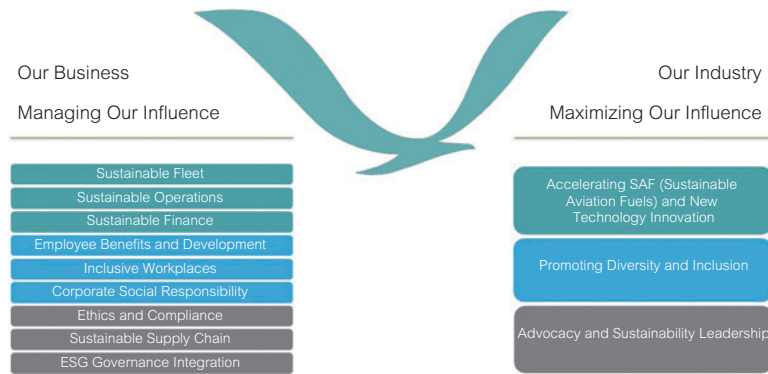
Of which:

- **30%** of the product (by weight) is reused directly
- **60%** of material (by weight) is reused after being upgraded
- **8%** (by weight) is used for energy recovery
- **2%** is disposed appropriately as waste



In terms of low-carbon office operations, CDB Aviation plans to use 100% renewable power for all office electricity by 2023, and to achieve waste-free office and carbon neutrality operation by 2025. CDB Aviation's office buildings in Dublin and Hong Kong are currently certified as green buildings. Some of the key green building features include LED energy efficient lighting with motion sensors, rainwater harvesting systems, extensive recycling and food composting displays, etc. CDB Aviation completed a carbon footprint measurement in 2022, focusing on the operational level, and the quantified results will help to further develop reduction plans on carbon emission in line with scientific carbon targets. In addition, CDB Aviation is committed to promoting green commuting. In its Dublin office, CDB Aviation offers a special incentive for bicycle commuters, and shower and parking facilities, as well as electric vehicle charging stations for electric vehicle owners. At the same time, through the use of the DocuSign tool, CDB Aviation reduced paper usage by more than 60% from the large volume of documents used in its operations. During the Reporting Period, CDB Aviation reduced paper usage by more than 10,000 sheets.

In terms of ESG governance, in 2022, CDB Aviation published its first independent sustainability report to carry forward the work of CDB Aviation on sustainability in the past and in the future. This publishing is also the first time that our overseas subsidiary in the domestic leasing industry has compiled a report in accordance with the requirements of the European Unions (EU), reflecting the Group's consistent positioning and responsibility for sustainable development. At the same time, in early 2023, CDB Aviation developed its corporate sustainability strategy and completed its first climate risk and opportunity analysis under the TCFD framework. The Company also plans to establish a sustainability committee and develop a charter for its work in 2023.



CDB Aviation Sustainable Development Strategy

In terms of employee welfare and development, CDB Aviation has developed a competitive employee compensation and welfare system to create rich career development opportunities for its employees. In CDB Aviation, all employees have the option to participate in pension plan, medical and health care plan and oral health care plan, which also cover their spouses and relatives. We also offer a variety of work and life balance programs, including positive thinking classes, nutritionist classes and gym memberships. In 2018, CDB Aviation established a Sports and Social Committee to plan a variety of sports and team building activities for its employees. CDB Aviation has also implemented a flexible and remote working system that allows employees to work remotely for 30 days per year, while implementing a mixed work week with three core days on duty. In terms of employee training and career support, CDB Aviation promotes a culture of continuous learning and has established five key learning and development programs: the LIFT program for team leaders and content leadership, WheelsUp, an internal learning platform available to all employees, a support policy to encourage continuing education for employees, related office software training to improve Microsoft using capabilities, and personalized executive career coaching support.

During the Reporting Period:

- **20+** management completes LIFT program
- **12** employees currently enrolled in Level 3 education courses
- **7** employees completed one-on-one executive coaching
- **12** WheelsUp courses available to all employees
- Office software training provided to **52** employees

In terms of diversity building, CDB Aviation plans to roll out a complete Diversity Equality Inclusion (DEI) strategy and policy by 2023, which will be applied to the entire employee management cycle from recruitment to training and performance evaluation. With the publishing of the Gender Pay Gap Report in Ireland, equal compensation will be one of the major tasks on the agenda. CDB Aviation also plans to introduce DEI training at all levels of the Company to support consistent internal communication on this topic, as well as to incorporate DEI-related indicators into the compensation assessment framework, thereby deepening the Company's management of related issues for enhancement.

In terms of corporate social responsibility, CDB Aviation supports charities and social welfare organizations in the areas of children's education, homelessness relief, environmental protection and more through its corporate social responsibility program, and encourages its employees to participate in related activities through volunteering and donations. These are organized and overseen by the Corporate Social Responsibility Committee of CDB Aviation. The Corporate Social Responsibility Committee meets monthly to discuss initiatives and searches for potential charities to support.

5. CONSOLIDATING THE FOUNDATION OF THE COMPANY'S OPERATION

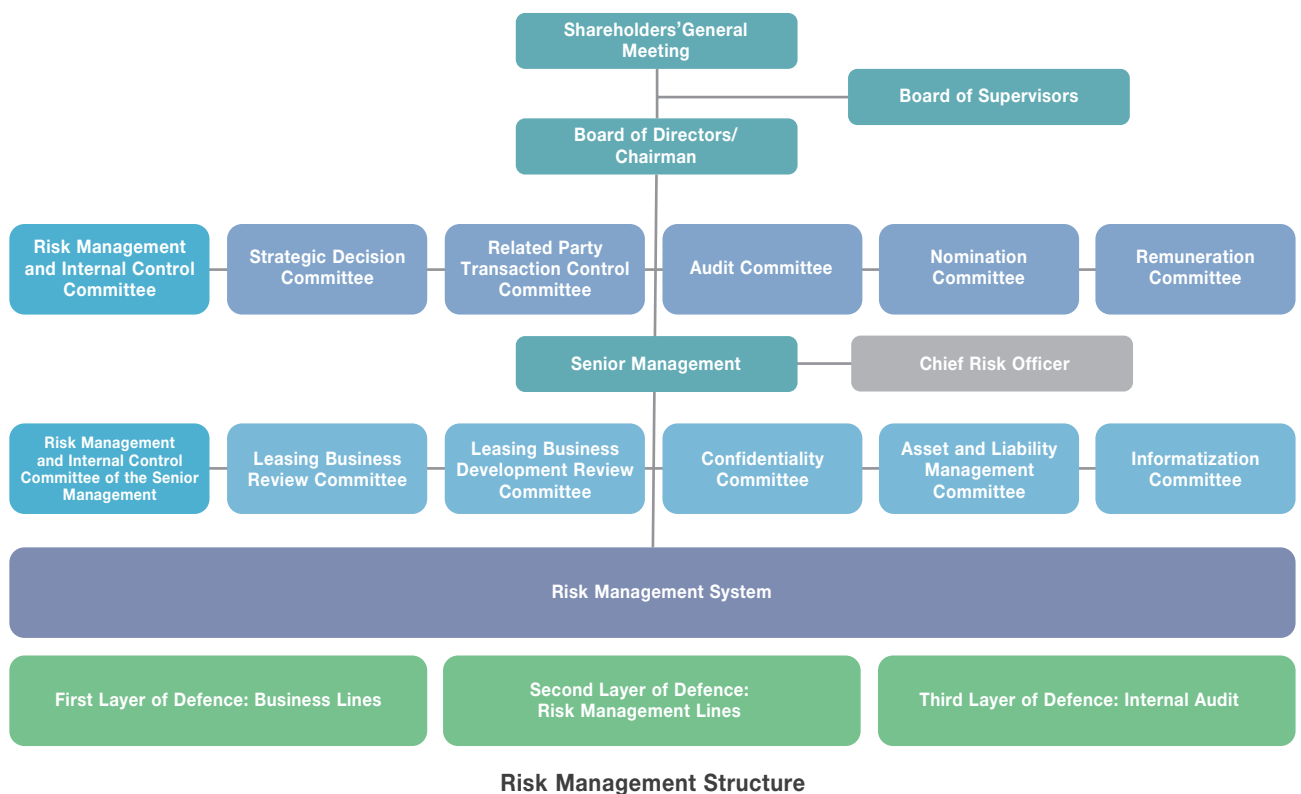
In strict accordance with the Company Law of the People's Republic of China 《中華人民共和國公司法》 and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group has continuously improved its corporate governance system and the quality of disclosed information; strengthened 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.

As 2022 is the "Management Improvement Year" of the Company, the Group issued the implementation plan for management improvement work, set up a management improvement leading group and equipped with commissioners to promote the carry out of management improvement. Focusing on the problems found in various internal and external inspections in recent years, self-evaluation was carried out at the departmental level, and four batches of task lists were formed, including regulatory inspection, audit and rectification, departmental self-evaluation and improvement, and implementation of regulatory tips, creating 329 tasks. During the Reporting Period, 308 tasks were completed, with a completion rate of 93.6%.

5.1 ENHANCING RISK MANAGEMENT AND 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. During the Reporting Period, 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 three meetings, at which a total of 8 topics were considered. The Risk Management and Internal Control Committee of the senior management held 13 meetings, at which a total of 33 topics were considered.



During the Reporting Period, the Group continuously enhanced its comprehensive risk management system and revised internal systems such as the Regulations on the Rules for Consolidated Statement Management (《併表管理規定》), the Measures on the Management of Information Technology Risks (《信息科技風險管理辦法》), the Management Rules on Project Companies (《項目公司管理辦法》), the Reputation Risk Management Approach (《聲譽風險管理辦法》), the Working Rules of the Risk Management and Internal Control Committee (《風險管理與內控控制委員會工作規則》) and the Implementation Rules on the Economic Treatment Related to Administrative Sanctions (《行政處分相關經濟處理實施細則》). In addition, the Group conducted a comprehensive risk preference management analysis for the year 2022 and produced an analysis report; compiled and completed a risk statement for the year 2022 and successfully carried out annual corporate risk identification and assessment; further improved the Company's risk warning system; improved the stress testing method and transmission mechanism; and continuously strengthened outsourcing risk management and followed up on the performance of outsourcing business and business implementation results.

In order to enhance the staff awareness of risk responsibilities, the Group organized a number of training sessions on the Negative List and its case studies, as well as a number of training sessions on risk management topics such as the "Management Enhancement Seminar" and the "Continuing Navigation Plan" during the Reporting Period, which covered a wide range of topics and helped to enhance the awareness of risk prevention and improve the risk control ability of the business staff.

During the Reporting Period, the Group also conducted ESG risk identification and assessment with a focus on climate change. Based on the results of the 2021 ESG risk identification and combined with the value chain, business nature, policy factors at the place of operation, and market movements in the leasing industry, we have reviewed and updated the ESG risks for this Reporting Period. 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.

For more details on the Company's corporate governance and risk control, please refer to the section on Corporate Governance Report in the 2022 Annual Report of the Company.

5.2 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. The Group continued to improve its internal integrity system. We amended the Regulations on the Prevention of Conflict of Interest Behavior of Employees of China Development Bank Financial Leasing Co., Ltd., (《國銀金融租賃股份有限公司員工防止利益衝突行為管理辦法》) and the Regulations of Employee Behavior Investigation of China Development Bank Financial Leasing Co., Ltd. (《國銀金融租賃股份有限公司員工行為排查管理辦法》), and formulated Regulations on Restrictions on the Employment of Former Employees of China Development Bank Financial Leasing Co., Ltd. (《國銀金融租賃股份有限公司離職員工從業限制管理辦法》). No corruption lawsuits were filed against the Group or its employees and were concluded during the Reporting Period.

Strengthening Routine Management

The Group has taken special efforts to enhance the quality and effectiveness of daily supervision, strengthened supervision around key areas and continuously promoted the monitoring of integrity risk positions. At the same time, the Group organized staff behavior investigation, relies on the integrity file to strengthen staff supervision, strictly implemented the deployment requirements of superior units to strengthen supervision and inspection, and seriously verified and cooperated with the disposal of clues to problem.

Deepening Integrity Education

The Group continued to deepen case warning education, attached importance to and strengthened education on integrity during festivals, and insisted on good daily education. During the Reporting Period, the Group actively fostered a strong atmosphere of rejecting corruption and promoting integrity through various forms of warning education, including the compiling integrity publicity journals, launching integrity education and publicity and popularization activities, organizing thematic discussions, organizing integrity talks for newly promoted middle-level cadres and integrity training for newly recruited employees, etc. to maintain the culture of anti-corruption and integrity work of the Company.

During the Reporting Period, the Group carried out 15 anti-corruption training sessions, covering directors and all employees with training hours averaging up to 11.



Organize to Watch the Warning Educational Film

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. During the Reporting Period, the Group optimized 15 major management processes involving responsibilities on supervision, discipline enforcement and accountability to achieve a clear basis, clear steps and smooth operations; and focused on empowering technology to gradually adopt electronic methods to organize and carry out centralized staff behavior investigation to improve the quality and efficiency of the investigations.

5.3 CONDUCTING ANTI-MONEY LAUNDERING MANAGEMENT

The Group strictly abides by relevant laws and regulations on anti-money laundering. The Group implements China's and UN sanctions resolutions, closely follows EU and US sanctions laws and regulations, improves sanctions list monitoring and management, and strengthens the identification, evaluation and monitoring of sanctions compliance risks.

The Group also continued to optimize the anti-money laundering and sanctions compliance governance structure, to give full play to the strategic decision-making role of the Board and the leadership role of the senior management, enhancing the synergy of internal control and compliance management. During the Reporting Period, the Group renewed the membership of the Anti-Money Laundering Team and clarified the composition of its members and the mechanism of its proceedings. The Group has formed a "three lines of defense" management structure with the business development department as the first line, the middle management department as the second line, and the audit department as the third line. In addition, during the Reporting Period, CDB Leasing conducted its first self-assessment of money laundering and terrorist financing risks and assessed the overall residual risk rating of the Company as "low to moderate risk".

The Group also actively uses scientific and technological means to improve its ability to manage anti-money laundering compliance risks. The Group successfully launched the anti-money laundering system in 2021 for trial run, and the system has been in normal operation and gradually optimized in 2022.

During the Reporting Period, the Group conducted anti-money laundering management online training for five times, including two offline courses and three online courses.



Anti-money Laundering Training Organized by the Company

5.4 PROTECTING INTELLECTUAL PROPERTY RIGHTS

The Group strictly complies with the Patent Law of the People's Republic of China 《中華人民共和國專利法》, the Copyright Law of the People's Republic of China 《中華人民共和國著作權法》, the Computer Software Protection Regulations 《計算機軟件保護條例》 and other intellectual property-related laws and regulations. On the basis of the Management Measures for Intellectual Property Protection Work 《知識產權保護工作管理辦法》, the Group has formulated the IT Intellectual Property Management Regulations (2022 Edition) 《IT 知識產權管理辦法(2022年版)》 to continuously standardize the Company's intellectual property management system and facilitate intellectual achievements transform to property rights.

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. During the Reporting Period under review, the Group confirmed the addition and protective registration of the Company's trademarks under the "CDB Leasing" logo. 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 hired a professional service provider and implemented a software licensing strategy centrally authorized by China Development Bank to reduce the risk of legal disputes arising from intellectual property rights during operation.

5.5 SAFEGUARDING INFORMATION SECURITY

The Group has formulated internal management systems such as Data Security Management Measures (Trial, 2023 Edition) 《數據安全管理辦法(試行, 2023年版)》, Information Security Management Measures 《信息安全管理辦法》, Measures for the Management of Confidential Documents 《機要文件管理辦法》 and Measures for the Management of Confidentiality of Outsourced Resident Personne 《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. During the Reporting Period, the Group had no network intrusion, data loss or any other information security accidents.

The main efforts of the Group to secure information are as follows:

Preventing Information Leakage

- The Group carries out network area interoperability access control based on the principle of minimization, establishes a network access account management mechanism, and establishes a unified external data management platform.

Managing privileges of Personnel Accessible to Information

- The Group adopts three sets of development-pre-production-production environment for independent deployment and system account role control to enhance security and authority control.

Conducting regular Safety Inspections and Reinforcement

- The Group conducts safety tests on newly launched systems, permeation tests on already launched systems, and special safety checks and repairs.

Safeguarding the Security of Information storage

- The Group uses dual local and off-site backups and conducts technical validation through regular drills.

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, emergency response plans and drills, emergency protection and other related contents.

During the Reporting Period, the Group engaged an external auditor to conduct a special audit, and formulated and initiated the construction of an information security assurance system. The Group conducted information security operation and awareness training for the Company's IT personnel and all employees through on-site seminars and online training. The Group's proprietary cloud platform and electronic invoicing system successfully passed the level 3 of level protection test, and seven systems, including accounting, basic network, capital, official website, general affairs, new leasing and e-mail successfully passed the level 2 of level protection test.



Example of Network Security Level Protection Test Results

In 2022, the Group 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 employee confidentiality training and confidential security lectures and strictly enforced the proper declassification treatment of documents and materials.

5.6 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. To further improve post-lease management standards, the Group has set up a complaint reception desk for micro and small enterprises and natural person customers since 2018, clarified the complaint hotline 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 Client Complaint Handling Measures 《客戶投訴處理辦法》, and established an all-round customer complaint receiving and handling mechanism. 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. During the Reporting Period, the inclusive finance business of the Group handled 4 complaints and the problems fed back from customers were properly solved in accordance with relevant management rules.

In terms of product promotion and business marketing, 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 《中華人民共和國廣告法》 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.

Aiming at digital innovative development, the Group will comprehensively build an intelligent, efficient and inter-connected digital inclusive finance business system. In September 2022, the Group completed the development and testing of the electronic signature function of the small and medium-sized systems to enhance the flow speed of business processes, improve the electronicization of products and further enhance the customer experience through paperless approval and remote signatures.

5.7 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 Procurement Management Measures 《採購管理辦法》 and Operating Procedures for the Use of the Centralized Purchasing Tender Agency Platform 《集中採購招標代理機構平台使用操作規程》 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.

During the pre-tender review process, the Group strictly followed the principles of openness, transparency, fairness and impartiality, fully considered the special needs of specific procurement projects in terms of supplier qualifications and related capabilities. The Group has reasonably set the entrance conditions, confirmed supplier compliance in operational activities, and ensured the selection of quality suppliers with strong strength, excellent performance and good reputation. The Group choose suppliers by invited bidding for projects with an amount of over RMB100,000 but less than RMB1 million and by public bidding for projects with an amount of RMB1 million or more.

In the course of project implementation, the Group will introduce third-party supervision as appropriate. And if there is any risk event that violates environmental and social compliance, it will be resolved in a timely manner according to the third-party supervision report. Meanwhile, 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. For projects involving the use of environment friendly materials, the Group requires suppliers to provide relevant certification documents, and submit them to professional organizations for testing when necessary. For construction projects, the Group requires suppliers to undertake their environmental protection responsibilities in the construction process, and reduce negative impact on the environment and surrounding residents.

At the end of the project, the project procurement department will organize the centralized procurement department and other relevant departments to conduct acceptance of the deliverables; for major or technically complex projects, external experts or professional organizations will be invited to participate depending on a case and an evaluation report will be issued.

Moreover, as our business inclines to green leasing, the Group pays 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.

6. UNDERTAKING CORPORATE 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 promotes 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.

6.1 IMPLEMENT PUBLIC WELFARE DONATION

During the Reporting Period, the Group actively donated public welfare funds, including the construction of supporting infrastructure for the industrial upgrading of Meijiang Village in Hekou Town, Daozhen County and the construction of a biomass fuel processing plant in Baicun Town, Wuchuan County. During the Reporting Period, the Group completed the annual donation of RMB1.98 million and the procurement of agricultural products for poverty alleviation of RMB140,000, promoting the development of rural economy.



Case: CDB Leasing Donated to the Construction Project of Supporting Infrastructure for the Industrial Upgrading of Meijiang Village in Hekou Town, Daozhen County

During the Reporting Period, CDB Leasing has donated RMB1.48 million to carry out the construction project of supporting infrastructure for industrial upgrading of Meijiang Village in Hekou Town, Daozhen County. The project is expected to benefit 230 households with 1,035 people, including 35 households with 158 people who have escaped from poverty. After completion, the supporting infrastructure will effectively protect the grain fields and vineyards from river flooding during the flood season. It will help to solve some of the existing problems of land idleness and significant reduction in production of specialty crops, increase land utilization, and further play the role of industrial efficiency and increase income for the village collective economy.

道真侗族自治县乡村振兴局文件

感谢信

国银金融租赁股份有限公司：

贵公司协调落实捐赠资金，帮助道真县改善农业产业基础设施，扶持农业产业发展，极大改善了村民生产生活条件，促进了我县河口镇梅江村经济社会发展，确保了梅江村村民有收入能致富，打造了一个乡村振兴示范样板。在此，县委县政府代表全县广大干部群众，对贵公司的大力帮扶表示衷心的感谢！

为积极响应习总书记关于巩固拓展脱贫攻坚成果同乡村振兴有效衔接帮扶工作重要论述精神，为帮助道真县巩固脱贫攻坚成果，做好乡村振兴公益事业，贵公司勇于担当，主动作为，认真履行帮扶职责。贵公司领导亲自研究谋划部署推动帮扶工作，于此同时为支持道真县巩固脱贫攻坚成果

同乡村振兴有效衔接，贵公司捐赠资金人民币壹佰肆拾捌万元整（人民币 1480000.00），用于梅江村实施产业提升配套设施建设。

最后，再次感谢贵公司为我道真县发展做出的巨大贡献，同时也祝愿贵公司事业蒸蒸日上，祝各位领导及全体工作人员在新的一年里身体健康、工作顺利、阖家幸福！



道真自治县乡村振兴局
2022年9月28日

▲ Thanks Letter from Daozhen County



Case: CDB Leasing Made Donations to the Construction of a Biomass Fuel Processing Plant in Baicun Town, Wuchuan County

During the Reporting Period, CDB Leasing has donated RMB500,000 for the construction of a biomass fuel processing plant in Baicun Town, Wuchuan County. After the project is completed and put into operation, the annual output of biomass fuel will reach about 10,000 tons, with expected annual profit of more than RMB1 million. It reasonably uses the low-cost biomass raw materials (local crop straw, pepper branches, etc.) to create income, increase employment for the local labor force, improve the per capita net income of the masses and planting enthusiasm; at the same time, it effectively enhances the rural environment by reducing pollution, promotes the adjustment of the industrial structure in the town. Therefore, it becomes a new growth point for economic development.

6.2 SUPPORTING IN PANDEMIC PREVENTION AND CONTROL

During the Reporting Period, the Group took active actions in all aspects of COVID-19 prevention and control. We always put the health of employees and their families in the first place, and provided employees with various pandemic prevention materials such as medical masks, antigen test kits and isolation emergency kits to ensure that everyone comes to work healthy and goes home safely.



Staff care for Pandemic Prevention and Control Materials



At the same time, the Group actively supported the community pandemic prevention and control work. We sent 48 volunteers to 12 communities, and more than 100 people volunteered their services. At the same time, the Group donated pandemic prevention supplies to 56 volunteer service points in Futian District, Shenzhen, demonstrating the responsibility and commitment of employees in CDB Leasing.



Community Recognition for Pandemic Prevention Volunteering

6.3 MAKE DONATIONS FOR EDUCATION

The Group continued to increase its efforts in making donation to students, exploring new modes of donating to schools. The Group is always mindful of the education in remote areas, and will rally the support of the community for education.



Case: CDB Leasing focuses on education in remote areas

A day before June 1, 2022, CDB Leasing went to Longchuan County, Heyuan City to carry out the activity of helping students with love and care. The Group's volunteers went to the local nursery school and delivered sports and cultural tools to the children.

In addition, during the Reporting Period, the Group donated anti-cold materials and sports training materials to boarding schools and students in Anchong Town, Yushu Tibetan Autonomous Region, Qinghai through internal fundraising activities.



Volunteers Visit Local Kindergartens to Donate Supplies

7. EMPOWERING EMPLOYEES FOR SUSTAINABLE DEVELOPMENT

By upholding the concept of “talent is the first capital”, The Group actively implements employee care and development, and strives to make CDB Leasing “a platform for entrepreneurship and self-realization”. Insisting on the main line of deepening human resources reform, the Group intensifies efforts in organizational reform and strengthens the service of the Group’s strategy; carefully launches the introduction of talents to support the quality development of the Group’s business; improves the existing incentive and allocation mechanism and perfects the salary management system; establishes a firm to carry out staff education and training to help improve the management of the Group; does a good job of cadre management and improves the level of cadre management supervision; promotes the digital transformation of human resources and consolidates the protection of human resources.

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 implemented a series of internal systems including the Management Rules on Staff Recruitment and Employment (2020 Edition) 《員工招聘錄用管理辦法(2020年版)》, Remuneration Management Methods 《薪酬管理辦法》 and Employee Exit Management System (2020 Edition) 《員工離職管理辦法(2020年版)》, and amended Regulations on the Management of the Selection and Appointment of Middle-level Executives (2022 Edition) 《中層幹部選拔任用管理辦法(2022年版)》 and Regulations on the Management of Employee Labor Relations (2022 Edition) 《員工勞動關係管理辦法(2022年版)》, and Regulations on the Management of Employee Attendance and Leave (2022 Edition) 《員工考勤休假管理辦法(2022年版)》 to further regulate the recruitment, employment, departure and daily management of employees and establish a sound employee labor relations management system. The Group revised the Manual for New Employees 《新員工手冊》 in 2022 to help new employees quickly understand, fit in and grow with the Company. Up to the end of the Reporting Period, the Group had 568 employees in total, all of whom were contract staff, including 434 domestic employees and 134 employees in our overseas aviation subsidiary.

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 93% of employees possessing a bachelor’s degree or above, about 48% of employees have a master’s degree or higher up to the end of the Reporting Period.

In terms of recruitment, the Group recruits talents based on its business development needs and talent building needs. 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.

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 issuing by the Company the proof of departure in writing.

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 enhance resource allocation efficiency and fully demonstrate its market-oriented philosophy by leveraging incentive and restraint functions.

In terms of promotion, the Group regularly carries out the selection and appointment of middle-level cadres and the promotion of staff below middle level in accordance with the development needs and the situation of our team. With these efforts, the Group aims to ensure the smooth career development channel of the staff and reserve excellent talents for the long-term development.

7.2 SAFEGUARDING EMPLOYEES' RIGHTS AND INTERESTS

The Group has continuously improved its corporate welfare system in accordance with the requirements of national laws and regulations and the Group's internal remuneration management requirements. Our welfare includes, but not limited to, regular contributions to five social insurance funds and a housing fund, a summer heat protection allowance, corporate annuity and a comprehensive medical insurance plan. During the Reporting Period, the Group contributed corporate annuity of RMB13,410,000 in total (exclusive of personal contributions).

The Group strictly complies with the Labour Law of the People's Republic of China 《中華人民共和國勞動法》 in implementing 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. 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 June 2022, the Group arranged the third session of the employee representative meeting to solicit proposals from all employees and collected 39 proposals, 100% of which were replied.

The Group strictly complies with the Law of the People's Republic of China on Production Safety 《中華人民共和國安全生產法》, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases 《中華人民共和國職業病防治法》, the Work-Related Injury Insurance Ordinance 《工傷保險條例》 and the Regulations on the Reporting and Investigation of Production Safety Accidents 《生產安全事故報告和調查處理條例》 and other laws and regulations related to occupational health and safety. The Group continuously improves its occupational health management system, and strives to provide a healthy and safe working environment for its employees. Through safety and health training seminars and regular medical examinations, the Group provides staff multiple protections for occupational health.



Case: CDB Leasing Organized First Aid Health Seminar

In May 2022, in order to popularize emergency rescue knowledge and further improve employees' ability to save themselves and deal with accidental injuries, the Company organized a first aid health seminar. The seminar invited experts to explain the principles of rescue and first-aid measures in emergency situations, introduced the configuration of drugs and appliances in the office small medicine box. And the participants also enthusiastically conducted practical exercises.



First Aid Health Seminar

7.3 SUPPORTING EMPLOYEE DEVELOPMENT

Based on the requirements of documents including the 2018-2022 National Cadre Education and Training Plan 《2018-2022年全國幹部教育培訓規劃》 issued by the CPC Central Committee, the Implementation Plan of China Development Bank on the Implementation of the National Education and Training Plan for Cadres 2018-2022 《國家開發銀行關於貫徹落實〈2018-2022年全國幹部教育培訓規劃〉的實施方案》 formulated by China Development Bank and the Education and Training Work Plan of China Development Bank 2022 《國家開發銀行2022年教育培訓工作計劃》, the Group has implemented several sets of training measures, including the Rules on Employee Training Management 《員工培訓管理辦法》, Implementation Rules for Staff Training 《員工培訓實施細則》 and Implementation Rules for the Management of Internal Lecturers and New Staff Mentors (2020 Version) 《內部講師及新員工導師管理實施細則(2020年版)》, 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.

During the Reporting Period, the Group arranged various types of training with a total of 177 sessions, covering over 267 attendees with an average of about 225.1 hours for each employee. The Group carried out the following tasks in the area of development and training for employee during the Reporting Period:

- **Accelerated the construction of professional capacity training system:** A year-round training program around the front office business development segment and the middle and back office business support segment capacity building was developed to improve targeting and effectiveness;
- **Established a training platform of “Management Improvement Seminar” around the core task:** 39 sessions of the seminar were organized and 39 online courses were exported this year. 17 tests on systems and management requirements were organized, covering 2,089 people;
- **Organized a training program for new employees:** Courses were taught by leaders of China Development Bank, company leaders and relevant departments, and a one-year job training program was followed up. At the same time, 27 new employees were assigned mentors to help them understand and identify with the Company and adapt to the new environment as soon as possible;
- **Introduced quality external resources to supplement professional capabilities:** In this year, the staff enrolled in 48 external finance and leasing professionalization courses to further strengthen the professional training resource system and make up for the shortcomings of finance and leasing professional courses; and
- **Adopted a mixed online and offline training construction model:** We increased live video-based training to overcome the negative impact of the pandemic on training.



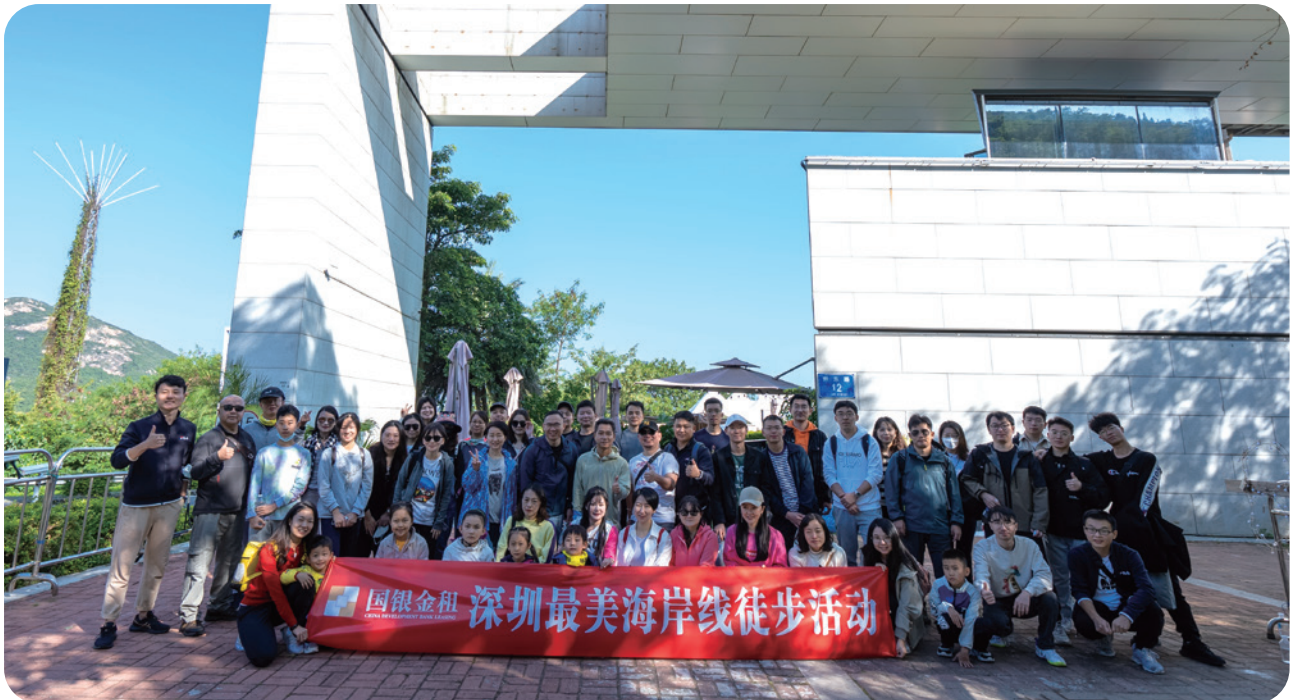
Staff Training

7.4 RICH STAFF ACTIVITIES

The Group attaches importance to enriching the cultural life of employees, leading a healthy lifestyle and creating a united and progressive working atmosphere. During the Reporting Period, the labor union took the lead in organizing a number of spare-time activities for employees, covering topics such as poetry recitation, calligraphy and photography, ball games and hiking and walking.



Friendly Ball Matches



Outdoor Trekking for Employees

FUTURE PROSPECTS

Looking ahead to 2023, the financial leasing industry will have both development opportunities and challenges, which requires leasing companies to continue to strengthen the tracking, analysis and judgment of policies, markets, industries and regions to better respond to market changes. The Group will continue to strike a good balance between scale, quality and efficiency by continuously strengthening market analysis and research and doing a good job of matching customer needs. Based on abiding regulatory requirements and focusing on main responsibility and core business, the Group will continue to explore opportunities for business innovation and transformation, improve internal control and compliance management, and strictly adhere to the bottom line of risk prevention and control. While serving major national strategies, the Group will improve its operational efficiency.

We will continue to serve major national regional strategies and coordinated regional development strategies by supporting the development of Beijing, Tianjin, Hebei, Guangdong, Hong Kong and Macao, the Yangtze River Economic Belt and other regions. We will actively serve technological innovation, the development of emerging strategic industries, and self-reliance and self-improvement in high-level technological industry; support the development of small and micro enterprises, and participate in the construction of rural revitalization to create a model of open financial services for rural revitalization; at the same time, based in Shenzhen, we will focus on strengthening the key areas in Shenzhen such as advanced manufacturing, warehousing and logistics, smart city, medical education, and establish a business model adapted to the characteristics of local industries in Shenzhen.

We will continue to improve corporate governance, promote integrity building and strengthen risk management. In addition, we will pay close attention to the market demand, improve the quality of customer services, implement digital transformation and upgrading to provide more quality and efficient leasing services to our customers. We will also continue to fulfill our social responsibilities including supporting the revitalization of villages, charitable causes, participating in social volunteering activities, improving people's livelihood. With a goal to maintain a comprehensive employee welfare system, we promote employee development, and cultivate multi-skilled and professional talents to lay a good foundation for business development.

We will continue to promote support for the new energy industry to vigorously improve the conversion rate and commercialized efficiency of projects in new areas such as distributed photovoltaic and energy storage industries. At the same time, we will continue to consolidate our green leasing business system, which focuses on eco-friendly ships, energy-saving aircraft and facilities for wind power and photovoltaic power generation, new energy transportation and energy conservation. We will also strengthen our low-carbon operations, actively launch climate change measures, and assess climate change-related risks and opportunities. We will increase the exploration of innovative modes of green finance financing. Base on the origin of leasing and the advantages of our platform, we will pay attention to market changes, and actively follow up on applications for special financial bonds. We will broaden green leasing financing channels to promote the low-carbon transformation of our business model, and the development of green finance, helping to achieve the goal of "carbon neutrality".

Amid the in-depth promotion of technological innovation, "double carbon" deployment and the strong support for the transformation and upgrading of the manufacturing industry, leasing industry integrates "financing" with "asset leasing" and combines with the real economy, which will better give full play the advantages of the combination of industries and financing, and enhance the promotion of social and economic development. We will uphold the mission of "leading China's leasing industry and serving the real economy", with a sense of responsibility to serve the national strategy. By grasping the development opportunities of the financial leasing industry, we will make contribution to sustainable development with a new achievements and new actions.



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 A4 Climate Change	Environmental Protection Law of the People's Republic of China Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste Law of the People's Republic of China on Prevention and Control of Water Pollution Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution Soil Pollution Prevention and Control Law of the People's Republic of China Regulation on Urban Construction Waste Management Directory of National Hazardous Wastes Measures for the Administration of Hazardous Wastes Manifest	Management Rules on Business Vehicles Implementation Guidelines for Management of Drivers
A2 Use of Resources A4 Climate Change	Energy Saving Law of the People's Republic of China Design Standard for Energy Efficiency of Public Buildings	Management Rules on Company Items Warehousing Management Rules on Printing & Copying Management Rules on Vehicles Implementation Guidelines for Management of Drivers
A3 The Environment and Natural Resources	Environmental Protection Law of the People's Republic of China Law of the People's Republic of China on Environmental Impact Assessment	Guiding Opinions on Leasing Business Support for Yangtze River Protection and Green Development Business Evaluation
B1 Employment B4 Labor Standards	Labor Law of the People's Republic of China Labor Contract Law of the People's Republic of China Interim Provisions on Labor Dispatch Employment Promotion Law of the People's Republic of China Social Insurance Law of the People's Republic of China Provisions on Prohibition of Child Labor Minors Protection Law of the People's Republic of China Contract Law of the People's Republic of China Ordinance on Paid Leave of Staff Provisions of the State Council on Working Hours of Employees Ordinance on Salary Payment of Guangdong Province Ordinance on Staff Salary Payment of Shenzhen City	Management Rules on Staff and Labor Relations Management Rules on Positions and Levels Detailed Rules on the Implementation of Social Recruitment Detailed Rules on the Implementation of Campus Recruitment Management Rules on Employee Attendance and Vacation Detailed Management Rules on Staff Dismissal Operating Rules and Procedures for Staff's Performance Appraisal Management Rules on Employees' Salary Management Rules on Deferred Salary Payment Management Rules on Use of Retained Bonus Pool Management Rules on Leaders Supervision Management Rules on Staff Resignation and Dismissal Management Rules on Staff Communications Code of Conduct of Staff Management Rules on Selection and Appointment of Middle-level Personnel Management Rules on Promotion of Employees Below Middle Level Staff Union's Detailed Rules on the Implementation of Management of Visits

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	Labor Law of the People's Republic of China Fire Prevention Law of the People's Republic of China Law of the People's Republic of China on Work Safety Law of the People's Republic of China on Prevention and Control of Occupational Diseases Regulation on Work-related Injury Insurances Regulation on Supervision and Administration of Occupational Health in Working Places Ordinance on Reporting, Investigation and Handling of Production Safety Accidents	Management Rules on Employee Attendance and Vacation
B3 Development and Training	Labor Law of the People's Republic of China Labor Contract Law of the People's Republic of China Social Security Law of the People's Republic of China	Rules on Employee Training Management Detailed Rules on the Implementation of Management of Internal Lecturers and New Employees' Tutors Implementation Rules on Employee Training
B5 Supply Chain Management	Law of the People's Republic of China on Tenders and Bids Regulation on the Implementation of the Bidding Law of the People's Republic of China	Management Rules on Centralized Procurement Operating Procedures for the Use of Bidding Agency Platform for Central Procurement
B6 Product Responsibility	Tort Law of the People's Republic of China Trademark Law of the People's Republic of China Advertisement Law of the People's Republic of China Patent Law of the People's Republic of China Copyright Law of the People's Republic of China Law of the People's Republic of China Against Unfair Competition Law of the People's Republic of China on Protection of Consumer Rights and Interests Cybersecurity Law of the People's Republic of China Decision of the Standing Committee of the National People's Congress on Preserving Computer Network Security	Leasing Business Industry Guide Operating Procedures for Due Diligence on Finance and Leasing Business Client Complaint Handling Measures Management Rules on the Work of Intellectual Property Protection Management Rules on Business Secrets Management Rules on Information Security Management Rules on Data and Standards Regulation on Management of Establishment of Information System Management Rules on Machine Room Safety Management Rules on Employee Information Security Detailed Rules on the Implementation of Information Technology Emergency Response Management Rules on IT System Data Quality (Trial) Management Rules on Confidential Documents Management Rules on Outsourcing Staff Confidentiality Working Rules of Confidentiality Committee Management Rules on Company Secret
B7 Anti-corruption	Criminal Law of the People's Republic of China Company Law of the People's Republic of China Anti-money Laundering Law of the People's Republic of China Anti-monopoly Law of the People's Republic of China Law of the People's Republic of China Against Unfair Competition Interim Provisions on Prohibiting Commercial Bribery	Management Rules on Emergency Response to Major Risk Events Anti-fraud Management Rules Management Rules on Anti-money Laundering Information Management Rules on Anti-money Laundering and Sanctions Compliance Management Rules on Customer Identification Management Rules on Classification of Risks of Customer Money Laundering and Terrorist Financing Management Rules on Suspicious Transaction Reporting Management Rules on Investigation of Employees' Conduct Management Rules on the Prevention of Cases
B8 Community Investment	Charity Law of the People's Republic of China Law of the People's Republic of China on Donations for Public Welfare	Management Rules on External Donations

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 2022 to 31 December 2022.

Environmental Area	Indicator	Unit	2022	2021	2020
A1 Emissions⁶	Sulphur dioxide ⁷	tonne	0.0048	0.01	0.0003
	Nitrogen oxides ⁸	tonne	0.20	0.56	0.0031
	Total GHG emissions (Scope 1 and Scope 2) ⁹	tCO ₂ e	5,110.49	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	0.17	0.10
	GHG direct emissions (Scope 1)				
	Vehicle fuel consumption	tCO ₂ e	60.27	82.79	46.09
	Natural gas	tCO ₂ e	346.89	120.56	92.66
	GHG indirect emissions (Scope 2)				
	Purchased electricity	tCO ₂	4,703.33	4,849.65	2,747.85
	Total hazardous waste ¹⁰	tonne	0.22	0.04	0.05
	Total hazardous waste per m ² of floor area	tonne/m ²	0.000008	0.000001	0.000002
	Total non-hazardous waste ¹¹	tonne	74.00	990.00	299.00
	Total non-hazardous waste per m ² of floor area	tonne/m ²	0.003	0.03	0.01
	GHG indirect emissions (Scope 3)				
	Employee business travel (airplane)	tCO ₂	199.58	451.55	/

⁶ 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.

⁷ Sulphur dioxide emissions mainly came from vehicle fuel consumption and natural gas, and the vehicle fuel consumption portion of 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 Ecology and Environment of the PRC; the part of natural gas was calculated according to the natural gas portion of emissions were calculated according to Manual of Production and Emission Accounting Methods and Coefficients for Domestic Sources in 2022. By 2021, the calculation methods in the Manual of Production and Emission Accounting Coefficients for the Second National Pollution Source Census (Trial Version) were adopted.

⁸ Nitrogen oxides emissions mainly came from vehicle fuel consumption and natural gas, and the vehicle fuel consumption portion of 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, the part of natural gas were calculated according to the natural gas portion of emissions were calculated according to Manual of Production and Emission Accounting Methods and Coefficients for Domestic Sources in 2022. By 2021, the calculation methods in the Manual of Production and Emission Accounting Coefficients for the Second National Pollution Source Census (Trial Version) were adopted.

⁹ Greenhouse gas inventories include carbon dioxide, methane and nitrous oxide, which mainly come from purchased electricity and fuel. In 2022, 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 2022 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.

¹⁰ 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.

¹¹ The non-hazardous wastes of the Company were disposed of by recycling companies. The major types included office waste and kitchen waste.

Environmental Area	Indicator	Unit	2022	2021	2020
A2 Use of Resources	Total energy consumption ¹²	MWh	10,225.91	9,271.82	6,053.03
	Energy consumption per m ² of floor area	MWh/m ²	0.35	0.30	0.22
	Direct energy consumption				
	Vehicle fuel consumption	MWh	243.83	334.71	188.28
	Natural gas	MWh	1,734.96	602.97	473.89
	Indirect energy consumption				
	Purchased electricity	MWh	8,247.12	8,347.07	5,390.86
	Daily workplace water consumption ¹³	tonne	47,557.00	39,345.00	29,258.00
	Daily water consumption per m ² of floor area	tonne/m ²	1.62	1.29	1.05
	Total paper consumption ¹⁴	tonne	0.78	22.38	6.64

12 In 2022, 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).

13 In 2022, daily workplace water consumption included tap water.

14 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	2022	2021	2020
B1 Employment¹⁵ – Employees	Total number of employees	Person	568	346	374
	Number of employees by gender				
	Number of male employees	Person	323	215	234
	Number of female employees	Person	245	131	140
	Number of employees by employee category				
	Number of senior management employees	Person	18	16	18
	Number of middle management employees	Person	107	80	85
	Number of employees at the basic level	Person	443	250	271
	Number of employees by educational attainment				
	Number of employees with master's degree or above	Person	270	214	215
	Number of employees with bachelor's degree	Person	257	121	142
	Number of employees who are junior college graduates or below	Person	15	11	17
	Number of employees by age				
	Number of employees aged 35 or below	Person	285	134	159
	Number of employees aged 36-55	Person	268	205	205
	Number of employees aged 56 or above	Person	15	7	10
	Number of employees by region				
	Number of domestic employees	Person	434	257	251
	Number of overseas employees	Person	134	89	123
B1 Employment¹⁶ – Turnover rate of employees	Overall turnover rate of employees ¹⁷	%	7.6	13.5	7.8
	Turnover rate of employees by gender				
	Turnover rate of male employees	%	6.9	14.7	8.5
	Turnover rate of female employees	%	8.6	11.5	6.4
	Turnover rate of employees by age				
	Turnover rate of employees aged 35 or below	%	10.1	16.8	6.5
	Turnover rate of employees aged 36-55	%	4.6	9.3	7.3
	Turnover rate of employees aged 56 or above	%	11.8	46.2	40.0
	Turnover rate of employees by region				
	Turnover rate of domestic employees	%	7.3	6.5	4.4
	Turnover rate of overseas employees	%	8.8	28.8	14.6

¹⁵ The statistics for this aspect covered the full-time employees who provided related services to China Development Bank Financial Leasing Co., Ltd. and its subsidiaries.

¹⁶ The statistics for this aspect covered the full-time employees who provided related services to with China Development Bank Financial Leasing Co., Ltd. and its subsidiaries.

¹⁷ In 2022, 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	2022	2021	2020
B2 Health and Safety¹⁸	Number of work-related fatalities	Person	0	0	0
	Rate of work-related fatalities	%	0	0	0
	Lost days due to work injury	Day	24	20	0
B3 Development and Training¹⁹ –Training percentage	Number of training sessions	Session	177	223	205
	Total number of employees trained	Person	267	254	251
	Percentage of employees trained by gender				
	Percentage of male employees trained	%	66.3	65.8	99.4
	Percentage of female employees trained	%	33.7	34.3	100
	Percentage of employees trained by employee category				
	Percentage of senior management employees trained	%	3.8	4.3	90.9
	Percentage of middle management employees trained	%	32.2	25.6	100
	Percentage of employees at the basic level trained	%	64.0	70.1	100
B3 Development and Training²⁰ –Average training hours	Average training hours of employees	Hour/person	225.1	192.6	196.3
	Average training hours of employees by gender				
	Average training hours of male employees	Hour/person	231.4	208.5	200.7
	Average training hours of female employees	Hour/person	212.6	166.6	188.0
	Average training hours of employees by employee category				
	Average training hours of senior management employees	Hour/person	231.4	193.5	200.8
	Average training hours of middle management employees	Hour/person	228.3	231.3	221.5
	Average training hours of employees at the basic level	Hour/person	217.1	180.2	187.5
B5 Supply Chain Management²¹	Total number of suppliers	Supplier	712	721	/
	Number of suppliers by region				
	Total number of domestic suppliers	Supplier	117	101	/
	Total number of overseas suppliers	Supplier	595	620	/
B6 Product Responsibility	Total number of complaints	Complaint	4	3	4
B7 Anti-corruption²²	Number of initiated and concluded legal cases regarding corrupt practices	Case	0	0	0
	Number of anti-corruption training sessions provided to employees	Session	15	12	7

¹⁸ The statistics for this aspect covered China Development Bank Financial Leasing Co., Ltd., excluding its subsidiaries.

¹⁹ 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".

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

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

²² 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	<div> A description of, or an explanation on, the application of the Reporting Principles in the preparation of the ESG report </div> <div> 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. 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. 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. </div>	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 Office 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 Office Operation

“Comply or Explain” Provisions		
Aspect	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 Office 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 Office 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 Office 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.	Promoting the green and low-carbon transformation
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Promoting the green and low-carbon transformation
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.	Safeguarding Employees' Rights and Interests 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.	Safeguarding Employees' Rights and Interests
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
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 Safeguarding Employees' Rights and Interests
	B4.2 Description of steps taken to eliminate such practices when discovered.	Improving the Employment System

“Comply or Explain” Provisions		
Aspect	Description	Section for Disclosure
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 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
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.	Serving national development strategies Undertaking corporate social responsibility
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, and sport).	Serving national development strategies Undertaking corporate social responsibility
	B8.2 Resources contributed (e.g. money or time) to the focus area.	Undertaking corporate social responsibility

APPENDIX 4: FEEDBACK

DISTINGUISHED READERS:

Thank you for reading our 2022 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 2022 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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