



**INTERNATIONAL ALLIANCE  
FINANCIAL LEASING CO., LTD.**

**国际友联融资租赁有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

Stock code : 1563

**Environmental,  
Social and Governance Report 2020**

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# ABOUT THE REPORT

International Alliance Financial Leasing Co., Ltd. (the “Company”) and its subsidiaries (collectively known as the “Group” or “We”) gratefully publish the Environmental, Social and Governance (“ESG”) Report (the “ESG Report”) covering the period from 1 January 2020 to 31 December 2020 (the “Year”). The ESG Report elaborates the situation of the Group in practicing the concept of sustainability comprehensively and performing corporate citizenship responsibilities. The ESG Report also details the Group’s effort in supporting the principle of sustainable development and the performance of social governance during the Year.

## SCOPE OF THE REPORT

The ESG Report details the Group’s overall environmental and social policies when operating its businesses (namely the provision of financial leasing and related advisory services) in the People’s Republic of China (the “PRC”). In the Year, the ESG Report and its environmental and social key performance indicators (“KPIs”) covered the performance of the Group’s offices in Beijing, Tianjin and the Hong Kong Special Administrative Region (“Hong Kong”) of the PRC. The scope is determined based on whether the Group has operational control over the entity, and whether the entity has a material influence on the Group’s performance or assets.

## REPORTING STANDARD

The ESG Report is prepared and disclosed by the Group in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) and in compliance with the “comply or explain” provisions thereof.

## REPORTING PRINCIPLES

The content of the ESG Report is determined through engaging stakeholders and conducting materiality assessments, including identifying ESG-related issues, collecting and examining the opinions from internal management and different stakeholders, evaluating the relevance and importance of the issues, formulating and reviewing the data reported. The ESG Report comprehensively covered the material issues concerned by different stakeholders.

The ESG Report discloses the quantitative environmental and social KPIs, allowing stakeholders to understand the ESG performance of the Group comprehensively. For the standards, methods, reference data and sources of information of the major emissions, as well as the conversion factors used by its KPIs, they are listed in the ESG Report whenever appropriate. In order to facilitate the comparison of the ESG performance between years, the Group adopted the same calculating methods as far as reasonably practicable. If there is any change in method, the Group will also present and explain it in details in the corresponding sections.

## OPINIONS AND FEEDBACKS

The Group values your opinions on this report. Should you have any advice or suggestion, please feel free to email us at [IR@iaf-leasing.com](mailto:IR@iaf-leasing.com).

# ESG GOVERNANCE

## BOARD STATEMENT

The Group believes that establishing sound ESG principles and practices will help to increase the investment value of an enterprise and provide long-term returns to its stakeholders. To ensure effective ESG risk management measures and internal control systems, the board (the "Board") of the directors (the "Directors") of the Company is responsible for monitoring and reviewing ESG-related matters in compliance with laws and regulations, as well as reviewing ESG-related information annually, assessing ESG work progress and the content and quality of ESG Report.

During the Year, the Group has commissioned a third-party consulting firm to assist in identifying ESG matters and providing suggestions for the ESG performance of the Group. The consulting firm assisted in collecting and analysing the comments on ESG matters from the Group's stakeholders, and conducting materiality assessment. The Board has reviewed the assessment results and confirmed the material ESG issues of the Group. The Board is also responsible for regularly reviewing the channels for stakeholder communication in order to ensure the Company maintains effective communication with stakeholders.

With the aim of effectively leading the ESG development of the Group, the Board continuously monitors ESG-related work and keeps track of the Hong Kong Stock Exchange's latest regulations on ESG disclosure, as well as ensures close cooperation between departments, mutually achieving the goals of compliant operation and bearing social responsibilities. Based on the goals formulated by the Group, the Board regularly reviews relevant work plans and the status of execution, as well as monitors the coordination and management of ESG matters.

## STAKEHOLDER ENGAGEMENT

The Group believes that the stakeholder engagement and their continuous support are important for the long-term development of an enterprise. The Group communicated with the stakeholders for the purpose of improving its sustainable development strategy and implementing various sustainable development goals. Therefore, we adopted a variety of communication methods to allow stakeholders from different sectors to express their opinions and suggestions, and we also responded to stakeholders' expectations and concerns via different channels to improve our ESG performance and the future development strategy.

# ESG GOVERNANCE

Stakeholder	Requirement and Expectation	Communication and Response
<b>Governments and Regulatory Bodies</b>	<ul style="list-style-type: none"> <li>• Compliance with national policies, laws and regulations</li> <li>• Drive local employment</li> <li>• Tax payment in full and on time</li> </ul>	<ul style="list-style-type: none"> <li>• Regular reporting</li> <li>• Regular meeting with regulatory organisations</li> <li>• Examinations and inspections</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Returns</li> <li>• Compliant operations</li> <li>• Rise in company value</li> <li>• Transparent information and efficient communication</li> </ul>	<ul style="list-style-type: none"> <li>• General meetings</li> <li>• Announcements</li> <li>• Emails, telephone contacts and company websites</li> <li>• Dedicated reports</li> </ul>
<b>Partners</b>	<ul style="list-style-type: none"> <li>• Operations with integrity</li> <li>• Fair competition</li> <li>• Performance of contracts</li> <li>• Mutual benefits and win-win results</li> </ul>	<ul style="list-style-type: none"> <li>• Reviews and appraisal meetings</li> <li>• Business communication</li> <li>• Exchange and discussion</li> <li>• Engagement and cooperation</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Outstanding products and services</li> <li>• Health and safety</li> <li>• Performance of contracts</li> <li>• Operations with integrity</li> </ul>	<ul style="list-style-type: none"> <li>• Customers meetings</li> <li>• Return visits</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>• Compliance with emission standards</li> <li>• Energy conservation and reduction of emissions</li> <li>• Ecological protection</li> </ul>	<ul style="list-style-type: none"> <li>• Report submission</li> </ul>
<b>Industry</b>	<ul style="list-style-type: none"> <li>• Formulation of industry standards</li> <li>• Promotion of industry development</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in industry forum</li> <li>• Field visits and reciprocal visits</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Protection of rights</li> <li>• Occupational health and safety</li> <li>• Remunerations and benefits</li> <li>• Career development</li> <li>• Humanity cares</li> </ul>	<ul style="list-style-type: none"> <li>• Employee communication meetings</li> <li>• Training and workshops</li> <li>• Employee activities</li> </ul>
<b>Society and the Public</b>	<ul style="list-style-type: none"> <li>• Improvement of community environment</li> <li>• Open and transparent information</li> </ul>	<ul style="list-style-type: none"> <li>• Company website</li> </ul>

# ESG GOVERNANCE

## MATERIALITY ASSESSMENT

The Group had engaged independent third party consultants in the Year to assist in conducting the materiality assessment in a just manner. The materiality assessment was carried out in the following three main phases:

- (i) Identifying potential ESG material topics that might affect the Group's business or stakeholders interest as follows:

Environment and Resources		Employment and Labour Practices		Operating Practices		Community Investment	
1	Environmental Compliance	8	Employment Compliance	15	Operational Compliance	26	Charity
2	Greenhouse Gas Emission	9	Remuneration and Benefits	16	Managing Environmental Risks of Supply Chain	27	Promotion of Community Development
3	Waste Management	10	Working Hour and Rest Period	17	Managing Social Risks of Supply Chain	28	Poverty Alleviation
4	Energy Consumption	11	Diversity and Equal Opportunity	18	Procurement Practices		
5	Use of Water Resource	12	Occupational Health and Safety	19	Quality Management		
6	Green Office	13	Training and Development	20	Responsible Sales and Marketing		
7	Responding to Climate Change	14	Prevention of Child Labour and Forced Labour	21	Customers Service Management		
				22	Intellectual Property Protection		
				23	Information Security		
				24	Customer Privacy Protection		
				25	Anti-corruption		

# ESG GOVERNANCE

- (ii) Conducting a survey by way of questionnaires to understand the views and expectations of the stakeholders on the Group's response to and disclosure of ESG issues; and
- (iii) Prioritising potential material topics based on the collected questionnaires. After the analysis of the survey results along with the judgment by the management, the Group identifies the material topics and highlights them in the ESG Report.

By analysing the results of survey with consideration to the actual business operation, the Group has identified 7 material topics which are disclosed in details in the ESG Report.

Material Topics		Corresponding Sections
8	Employment Compliance	Corporate Social Responsibility
12	Occupational Health and Safety	Health and Safety
13	Training and Development	Vocational Training and Development
15	Operational Compliance	Operating Practices
21	Customers Service Management	Customer First
23	Information Security	Respect for Intellectual Property and Privacy Protection
25	Anti-corruption	Anti-corruption

In the future, the Group will continue to promote the engagement level of different stakeholders in a bid to collect their valuable and constructive opinions and suggestions on the Group's development policy. The Group will also improve its ESG performance and strengthen its management of ESG risks in the process of business development.

# ENVIRONMENTAL PROTECTION

The Group's operating facilities are mainly based in the PRC. Therefore, we strictly comply with relevant local environmental laws and regulations including but not limited to the Environmental Protection Law of the PRC, Law of the PRC on Prevention and Control of Water Pollution, Law of the PRC on the Prevention and Control of Atmospheric Pollution, and Law of the PRC on Prevention of Environmental Pollution Caused by Solid Waste. The Group closely monitors activities that have a potential impact on the environment during business operation, understands the impacts on the surrounding environment to fulfill the responsibilities and obligations of environmental protection.

In the Year, the Group was not involved in or discovered any violations of environment-related laws and regulations.

## EMISSIONS MANAGEMENT

The Group has always been committed to protecting the environment and reducing emissions and waste during the operation process through controlling and managing resource consumption. The business of the Group is mainly office operations, so it does not involve any exhaust emissions from fuel combustion or direct use of vehicles. Nevertheless, we will give priority to electric vehicles when renting commercial vehicles to reduce air pollution. In addition, the Group's greenhouse gas emissions can be divided into two categories, including energy indirect emissions from purchased electricity and other indirect emissions from methane gas generation at landfill due to disposal of paper waste and outbound business trips by employees. Since our greenhouse gas emissions are mainly from other indirect emissions, we encourage employees who frequently participate in overseas meetings to use telephone or video conferences to avoid unnecessary overseas business trips, while choosing direct flight for unavoidable business travels, so as to reduce carbon footprint and achieve the goal of reducing greenhouse gas emissions.

The Group's greenhouse gas emissions data are as follows:

Greenhouse Gas Emissions	Unit	2020	2019
Total Greenhouse Gas Emissions	tCO <sub>2</sub> e	<b>73.43</b>	95.52
Scope 1 – Direct Emissions (Note (1))	tCO <sub>2</sub> e	<b>0.00</b>	0.00
Scope 2 – Energy Indirect Emissions (Note (2))	tCO <sub>2</sub> e	<b>17.62</b>	21.29
Scope 3 – Other Indirect Emissions (Note (3))	tCO <sub>2</sub> e	<b>55.81</b>	74.23
Intensity of Greenhouse Gas Emissions	tCO <sub>2</sub> e/employee	<b>3.19</b>	3.41

Notes:

- (1) Scope 1 direct emissions refer to the direct emissions from operations that are owned or controlled by the Group. The Group had no direct emissions in the Year.



# ENVIRONMENTAL PROTECTION

- (2) Scope 2 energy indirect emissions refer to the indirect greenhouse gas emissions generated by the Group's purchased or acquired energy. The Group's energy indirect greenhouse gas emission is from purchased electricity and purchased heating. The calculation of electricity is based on the "2011 and 2012 Average Carbon Dioxide Emission Factors for Regional Power Grids in China" issued by the National Development and Reform Commission of the PRC. The calculation of heating is based on the "Greenhouse Gas Emissions Accounting and Reporting Guide (Trial) of Public Buildings in Operation" issued by the National Development and Reform Commission of the PRC.
- (3) Scope 3 other indirect emissions include other indirect emissions that occurs outside the Company. The calculation is based on the International Civil Aviation Organisation (ICAO) Carbon Emissions Calculator, and the "Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange.

## WASTE MANAGEMENT

The non-hazardous waste of the Group is mainly daily office waste, such as general garbage, paper waste and deliverables packaging. We use waste recycling bins to collect waste paper, which is then handled collectively and processed by the office's property management service provider. Part of the hazardous waste of the Group such as batteries will be placed in recycling bins and handled by the office's property management service provider while toner cartridges will be collected and recycled by printer service providers. We also use recyclable cartridges as far as possible. Through proper and legal collection and disposal of waste, we are committed to reducing the environmental impact from waste generation. The Group will continue to improve existing waste management measures, encourage employees to carry out waste classification and reduce the production of unnecessary waste.

The non-hazardous waste and hazardous waste generated during business operation of the Group are as follows:

Waste	Unit	2020	2019
Non-hazardous Waste (Note (1))			
Total Non-hazardous Waste Generated	ton	<b>56.57</b>	0.11
Intensity of Non-hazardous Waste Generated	ton/employee	<b>2.46</b>	0.004
Hazardous Waste (Note (2))			
Total Hazardous Waste Generated	kg	<b>15.98</b>	11.42
Intensity of Hazardous Waste Generated	kg/employee	<b>0.69</b>	0.41

Notes:

- (1) The non-hazardous waste generated by the Group is calculated based on the actual weight of waste paper. The Group starts to disclose the data of general office waste in the Year, thus the amount of non-hazardous waste has increased. The calculation is based on the office general waste daily estimated amount and volume-to-weight conversion factors provided by the United States Environmental Protection Agency and the "Research on Solutions to Domestic Solid Waste in Cities of China" issued by the Beijing Environmental Sanitation Administration.
- (2) The hazardous waste generated by the Group is calculated based on actual weight.

# ENVIRONMENTAL PROTECTION

## USE OF RESOURCES

The Group recognises the importance of effective resource utilisation and has been committed to streamlining operation with a view to optimising resource utilisation and striving to save energy and reduce consumption. We actively promote the importance of environmental protection to employees, so as to raise their awareness of environmental protection and practise the philosophies of energy conservation and consumption reduction, waste reduction at the source, effective use of resources and green office.

The resource consumption of the Group is mainly the use of electricity, water and paper for its daily office operation. Due to the Group's business nature, it is not involved in the use of any packaging materials.

### Energy Conservation

The Group is committed to continually optimising its operating processes to save energy, and therefore implements power saving measures in its offices. The Group will remind employees to turn off all electrical appliances including lights and air conditioning equipment before leaving the offices. Such practice is also reinforced in the Group's Employees' Codes of Conduct. For air conditioning systems, we set the minimum temperature of the air conditioning systems as 25.5 degrees Celsius, regularly check and clean the filters and coil fans, in order to ensure normal operation of the air conditioning system and reduce the possibility of refrigerant leakage. In hot weather, our employees can choose not to wear a tie and full suit to reduce the use of air conditioning. For lighting systems, in the different areas of the office, the Group sets up light switches that can be controlled independently and adopts highly efficient light fixtures, saving energy as possible.

The energy consumption of the Group is as follows:

Energy Consumption	Unit	2020	2019
Total Energy Consumption (Note (1))	MWh	<b>26.14</b>	30.14
Intensity of Energy Consumption	MWh/employee	<b>1.14</b>	1.08

Note:

- (1) Total energy consumption includes indirect energy consumption from the Group's purchased electricity and purchased heating usage, while there is no direct energy consumption. The purchased electricity is based on the Group's actual electricity usage, while the purchased heating is calculated based on the CJJ34-2010 "Design Code for City Heating Network" issued by the Ministry of Housing and Urban-Rural Development of the PRC.

# ENVIRONMENTAL PROTECTION

## Water Conservation

Due to the Group's business nature, it does not produce or discharge any industrial wastewater. Yet, a small amount of domestic sewage is inevitably generated in office operation which is discharged into the municipal sewage pipe network for treatment. As all the business of the Group is only operated in commercial buildings, its water consumption and drainage are under the sole control of the property management service provider, therefore data for water usage cannot be obtained. During the Year, the Group did not have any issue in sourcing water for usage. Water is a precious resource, thus the Group understands the importance of saving water. If a leak is found in water supply facility, we will inform the property management company immediately for arranging maintenance and inspections. The Group has recognised that raising employees' awareness of water saving is essential in bringing actual effects to water conservation and therefore continuously promoting water saving awareness and practices to employees to reduce water waste.

## GREEN OPERATION

While actively developing its business, the Group has not forgotten the importance of green operations and promoted the concepts of reducing paper consumption and waste at the source. Therefore, we have adopted different measures to integrate environmental protection concepts into daily operations and build a comprehensive enterprise that takes economic, environmental and social aspects into account.

The Group attaches great importance to saving paper and reducing unnecessary waste. By encouraging the use of email systems to distribute information internally as far as possible, the Group reduces the use of fax and photocopying documents. In order to reduce paper usage, we use electronic office system to replace the office administration system which mainly uses paper for record, as well as encourage employees to copy and print on both sides, and besides to reuse paper that has been printed on one side and use waste paper for note-taking. We avoid using disposable and non-recyclable products as far as possible, and replacing all disposable cups and wooden chopsticks with reusable items, such as ceramic cups and reusable plastic utensils. We also reuse envelopes, binders, file cards and other stationery supplies. In addition to waste generation, greenhouse gas emissions are another major concern of the Group. The Group is committed to reducing its carbon footprint by taking various measures against different sources of emissions. For example, we encourage employees to take public transportation when going to work and organise events at venues with easy access to public transportation. The Group will continue to implement and strengthen measures to reduce greenhouse gas emissions to make a significant contribution to greening the environment and fighting climate change.

## RESPONDING TO CLIMATE CHANGE

Responding to climate change and managing carbon emissions is one of the most urgent global environmental problems. Different sectors of the community also bear the responsibility for the problems. During the Year, the Group has not found any significant climate change related risks which were relevant to its business. The Group also understands the severity of global warming issue, and has formulated corresponding response management measures for preventing and reducing losses which occurred under severe weather brought by climate change, such as typhoons and flooding. Based on the response management measures, the Group will establish an emergency leading group when necessary. The leading group will be responsible for coordinating various departments in carrying out emergency work, discovering and delivering early alerts to employees as soon as possible in a bid to ensure the safety of employees. The Group also regularly conducts fire evacuation drills and reviews the current evacuation plans. In the future, the Group will continue to review policies, regulation updates, technological developments and market trends in global and business operating areas, so as to identify the climate-related risks which may possibly cause financial influences to the Group's business, and respond with corresponding measures.

# CORPORATE SOCIAL RESPONSIBILITY

## EMPLOYMENT AND LABOUR PRACTICES

The Group always values the talent of employees as precious assets, striving to provide suitable platform and working environment for employees, facilitating their professional development, and protecting the interests of employees. We strictly comply with laws and regulations related to employment, including but not limited to the Labour Law of the PRC, the Labour Contract Law of the PRC and Employment Ordinance (Cap 57 of the laws of Hong Kong). We provide equal opportunities and create a harmonious working environment, to ensure that potential candidates or incumbent employees are not discriminated against or deprived of opportunities on the basis of gender, ethnic, background, religion, colour, age, marital status, family status, retirement, physical conditions, pregnancy, political connection and sexual orientation. We strive to be a responsible employer and are committed to implementing better employment practices, and advocate ethics and human rights at the workplace.

During the Year, the Group had a total of 23 employees (2019: 28). The composition of the Group's employees is as follows:

Employment Indicators	2020 Number of employees (Percentage)	2019 Number of employees (Percentage)
By Employment Type		
Full-time	<b>22 (96%)</b>	28 (100%)
Part-time	<b>1 (4%)</b>	0 (0%)
By Gender		
Female	<b>6 (26%)</b>	10 (36%)
Male	<b>17 (74%)</b>	18 (64%)
By Employee Category		
Senior Management	<b>5 (22%)</b>	3 (11%)
Middle Management	<b>8 (35%)</b>	7 (25%)
Frontline and Other Employees	<b>10 (43%)</b>	18 (64%)
By Geographical Region <sup>1</sup>		
Mainland China	<b>20 (87%)</b>	Not Applicable
Hong Kong	<b>3 (13%)</b>	Not Applicable
By Age Group		
Aged 18-25	<b>2 (9%)</b>	1 (4%)
Aged 26-35	<b>5 (22%)</b>	13 (46%)
Aged 36-45	<b>13 (57%)</b>	12 (43%)
Aged 46-55	<b>3 (13%)</b>	2 (7%)
Aged 56 or above	<b>0 (0%)</b>	0 (0%)

<sup>1</sup> The Group starts to disclose the number and percentage of employees by geographical region in the Year.

# CORPORATE SOCIAL RESPONSIBILITY

## Practices on Recruitment Process

The Group is an equal opportunity employer that recruits employees from the open market. During the recruitment, the Group focuses on individual's professional skills, work experience and suitability for relevant job requirements and prohibits any form of discrimination. The Group strictly prohibits the employment of child labour in accordance with the relevant laws and regulations such as the Provisions on the Prohibition of Using Child Labour of the PRC and the Employment of Children Regulations (Cap 57B of the laws of Hong Kong). Applicants' identification documents, relevant certificates and work experience would be checked and reviewed during the recruitment process to verify their age. If child labour is found, we will stop his work immediately and carry out investigation to identify the loophole, implementing remedial measures, preventing the event from happening again. Before the formal entry of employees, the Group will enter an employment contract with employees, which explicitly specifies the terms such as working hours, rest period, remuneration, insurance and benefits of employees, so as to safeguard the freedom and interests of employees, and avoid forced labour. The Group has also formulated an Employee Withdrawal Management System listing out proper resignation, termination and dismissal procedures. When an employee submit a resignation, the responsible personnel of human resources department will meet with the employee, understanding the reasons of resignation. During the Year, the Group was not involved in or discovered any violation of employment and labour practices, prevention of child labour and forced labour related laws and regulations.

During the Year, a total of 8 employees left the Group (turnover rate: 35%). All of them are employees from the PRC (2019: a total of 16 full-time PRC employees; turnover rate: 57%). The employee turnover rate of the Group by different categories is as follows:

Turnover Rate Indicators	2020	2019
By Gender		
Female	<b>67%</b>	70%
Male	<b>24%</b>	50%
By Age Group		
Aged 18-25	<b>0%</b>	0%
Aged 26-35	<b>120%</b>	77%
Aged 36-45	<b>15%</b>	50%
Aged 46-55	<b>0%</b>	0%
Aged 56 or above	<b>0%</b>	0%
By Geographical Region <sup>2</sup>		
Mainland China	<b>40%</b>	Not Applicable
Hong Kong	<b>0%</b>	Not Applicable

<sup>2</sup> The Group starts to disclose the turnover rate by geographical region in the Year.

# CORPORATE SOCIAL RESPONSIBILITY

## Practices on Remuneration and Promotion

The Group offers clear career pathway and competitive salary for employees to attract and retain talents. For the aspects of career promotion, internal transfer and career development, the Group has established the Management System for Job Positions and management measures for relevant job positions to provide a clear perspective and direction regarding the career progression of employees, as well as optimising human resources. We conduct staff assessment regularly, evaluating employees' work performance, execution ability, communication and coordination, and teamwork ability in the past year. The Group arranges promotion and demotion based on employees' assessment performance, occupational development planning and position vacancies. We give priority to internal promotion, then consider external recruitment, providing a broader development path for employees. In terms of remuneration, the Group conducts remuneration review and adjustment annually with reference to factors such as employee position, job performance and capabilities, as well as the market pricing.

## Interests and Benefits of Employees

As a way to care about employees, and at the same time stimulate their working initiative, the Group offers all employees a wide range of welfare and benefits. The Group strictly complies with laws and regulations in both PRC and Hong Kong, including but not limited to the Labour Law of the PRC and the Social Insurance Law of the PRC, the Mandatory Provident Fund Schemes Ordinance (Cap 485 of the laws of Hong Kong) and the Minimum Wage Ordinance (Cap 608 of the laws of Hong Kong) to ensure that its employees' working hours, wages and benefits meet local requirements. The Group also provides social insurance for the PRC employees in accordance with local regulations in the PRC. Endowment insurance, medical insurance, unemployment insurance, maternity insurance, employment injury insurance, and housing provident fund, namely the "five social insurance and one housing fund (五險一金)", and mandatory provident fund contribution are provided to the PRC and Hong Kong employees respectively. The Group determines the working hours of employees in accordance with relevant regulations and adopts a five-day work week arrangement to ensure that employees have sufficient rest time. By reviewing the working hours of employees, we strictly control overtime work of employees, prevent forced labour from occurring in business operations, and avoid overtime work as far as possible. If overtime work is required, we will compensate employees in accordance with relevant regulations. Employees are also entitled to statutory holidays, annual leave, maternity leave, bereavement leave and marriage leave. The Group values employees' wellbeing by providing team building activities, annual medical check, daily meal and transportation allowances.

# CORPORATE SOCIAL RESPONSIBILITY

## VOCATIONAL TRAINING AND DEVELOPMENT

In order to promote the sustainable development and efficient operations of the Group, the Group firmly believes that employees are the key to business development and is therefore committed to nurturing talent. The Group has in place the Management Measures on New Employee's Training to help new employees identifying their job responsibilities, tasks and goals, as well as familiarising themselves with the Group's standard operational procedures. We offer training to newly joined employees which includes introduction to the Company, attendance and performance management measures, code of conduct, document writing system, finance system and risk control system. The Group will arrange additional training according to business needs, encourage employees to participate in external organisation's symposiums and sharing sessions, enriching their professional knowledge. We also conduct performance review according to employees at different job positions to unearth their potentials, and provide promotion opportunities to employees with excellent performance.

During the Year, 5 employees had been trained for a total of 10 hours<sup>3</sup> (2019: 28 employees were trained for 84 hours in total). The training-related data of the Group are as follows:

Training	2020		2019	
	Average Training Hours per Employee (Hour)	Percentage of Trained Employee (%)	Average Training Hours per Employee (Hour)	Percentage of Trained Employee (%)
By Gender				
Male	0.5	24	3	100
Female	0.3	17	3	100
By Employee Category				
Senior Management	1.2	60	3	100
Middle Management	0.0	0	3	100
Frontline and Other Employees	0.4	20	3	100

<sup>3</sup> The Group's business nature in the Year was similar to that of last year and therefore the training hours and percentage of trained employee decreased.

# CORPORATE SOCIAL RESPONSIBILITY

## HEALTH AND SAFETY

As a responsible employer, the Group strictly complies with laws and regulations related to occupational health and safety, including but not limited to the Law of the PRC on Work Safety, the Law of the PRC on the Prevention and Control of Occupational Diseases and the Occupational Safety and Health Ordinance (Cap 509 of the laws of Hong Kong), in order to provide a safe working environment for incumbent employees. The Group has prepared emergency management measures in accordance with relevant regulations, which set out the procedures and measures in case of emergency, so that the respective responsible personnel would be able to respond to emergencies in a timely manner. The Group also ensures that employees participate in fire drills organised by the office property management, and prohibits employees from lighting cigarette in workplace, in order to raise their awareness on fire safety. The Group continues to maintain work-related injury insurance for all employees in accordance with the Social Insurance Law of the PRC. The production safety management staff of the Group participated in an online training of safe production operation organised by Tianjin Local Financial Supervision and Administration (天津市地方金融监督管理局) in the Year, understanding the latest production safety responsibility. During the Year, the Group did not violate laws and regulations related to safe working environment that have significant impact on the Group, and there were no fatal accidents or work-related accidents.

Health and Safety	2020	2019	2018
Work Related Fatality (case)	0	0	0
Work Injury Cases >3 Days (case)	0	0	0
Work Injury Cases ≤3 Days (case)	0	0	0
Lost Days due to Work Injury (day)	0	0	0



# OPERATING PRACTICES

## SUPPLY CHAIN MANAGEMENT

The Group has established relevant procurement management requirements in strict accordance with the relevant laws and regulations such as the Contract Law of the PRC and the Bidding Law of the PRC, following the principles of openness, fairness, impartiality, honesty and credibility, and scientific selection of merits to implement procurement policies and control procedures. We require that the procurement plan must include at least two suppliers' quotations and proposals for a comprehensive and objective comparison and centralised assessment. The assessment results and opinions for comparison analysis will undergo multiple reviews and approvals before procurement can be formally implemented. The Group's supply chain mainly involves services related to finance, law and internal control. Although the environmental and social risks involved in the supply chain are relatively low, the Group will strictly review the service unit's environmental performance, health and safety performance, reputation, cost, and service scope and service quality before selection. The selected suppliers must comply with all business practices prohibited by unethical behaviour, bribery, corruption and other local and international laws. We give priority to suppliers with internationally recognised standards certifications for environmental and social risk management, as well as give priority to local suppliers or suppliers who locate in closer geographical location or access to more convenient transportation to reduce carbon footprint. We also require suppliers to provide samples for review to verify that their service quality meets the requirements. For entrusted service units, we will track and monitor their performance and progress. When the supplier's behaviour is found to be inconsistent with our policies, we will suspend cooperation until the situation improves to ensure that the service quality meets the requirements, thereby optimising the supply chain management. During the Year, the Group has 3 suppliers from Beijing, Shanghai and Hong Kong (2019: 2 suppliers).

## SERVICE QUALITY

In the pursuit of excellence in service quality, the Group makes every effort to strive for the complete provision of financial leasing and advisory services in accordance with customers' needs and expectations. We have operated in compliance with related laws and regulations in the industry, including but not limited to the Interim Measures for the Supervision and Administration of Financial Leasing Companies (融資租賃公司監督管理暫行辦法). The Group has established a policy for leasing business, so as to standardise the operating procedures, minimise operational risk, improve product and service quality and consistency, and to identify responsibility, rights and interests involved throughout the business. During the Year, the Group did not discover any major incidents that violated relevant industry laws and regulations.

# OPERATING PRACTICES

## CUSTOMERS FIRST

We strive to provide efficient and customised finance leasing services to our customers. Through establishing a diversified customer base and strong customer relationships as well as deepening our industry knowledge within each targeted industry, we are more attentive to our customers' needs and are able to tailor-make our finance leasing services based on the financing conditions to better serve our current and potential customers. In addition, through providing advisory services, we study and analyse the respective business models and financial management of the customers, as well as the overview and prospects of the industries in which our customers operate to provide tailor-made solutions to our customers to satisfy their business needs and enhance customers' satisfaction. Clients' feedback on service quality is also collected for making continuous improvement in services. In order to handle client complaints in a timely manner, the Group will analyse client's feedback and carry out remedial and preventive actions promptly, so as to investigate the root causes thoroughly and carry out evaluation. During the Year, the Group did not receive complaints related to its services provided (2019: 0 case).

## RESPECT FOR INTELLECTUAL PROPERTY AND PRIVACY PROTECTION

The Group understands the importance of protecting and enforcing our intellectual property rights. Being respectful for others' and protecting our intellectual property rights, the Group strictly abides by the laws and regulations relating to intellectual property rights, including but not limited to the Trademark Law of the PRC and the Trade Marks Ordinance (Cap 559 of the laws of Hong Kong). To safeguard the Group's intellectual property rights, we require our employees to keep all information relating to the transactions, operation, management, technology and skills confidential during their employment. In addition, prior approval shall be obtained from the Group before other party intends to use any of our trademarks, so as to avoid any infringement of the exclusive right of the Group's trademarks.

With regard to information security and confidentiality, in the process of providing financial leasing services, the Group needs to collect and store customers' personal data and therefore protecting customer privacy is highly valued in the business. Employees of the Group must abide by relevant industry laws and regulations, including but not limited to the Regulations of the PRC on Protecting the Safety of Computer Information Systems and Personal Data (Privacy) Ordinance (Cap 486 of the laws of Hong Kong). Employees must strictly abide by the internal confidentiality policy. All undisclosed business information, financial information, personnel information, investment financing information, contracts and agreements, customer information, research and statistical information, technical documents, planning and marketing plans, management documents and other materials of the Group are trade secret that all employees have the obligation to keep, and all employees have to always adhere to professional ethics. The Group collects and uses customer information in a legal manner and the use of customer information is confined to the channels specified in the contract. The Group has also established an independent data system management department to be responsible for network security, data maintenance for daily operations, regulation of personnel with software operation authority so that they would not disclose any names and passwords to internal or external personnel of the Group, and would always abide by work ethics. In addition, the Group has formulated an information security management policy which employees must strictly abide by. For example, employees must use designated anti-virus software and must not use unauthorised software or hardware. Furthermore, they must not take any of the Group's data away from the workplace to ensure information security and protection of customer's privacy and data. During the Year, the Group was not involved in or discovered any violations of laws and regulations related to intellectual property rights and privacy.

# OPERATING PRACTICES

## ANTI-CORRUPTION

Conducting business with integrity is one of the core values underlying the Group's business operations. The Group believes an effective anti-corruption mechanism is the cornerstone for its sustainable growth. The Group strictly complies with anti-corruption related laws and regulations, including but not limited to the Criminal Law of the PRC, Anti-Money Laundering Law of the PRC and the Prevention of Bribery Ordinance (Cap 201 of the laws of Hong Kong). Anti-fraud Management Measures are in place to provide guidance and regulations to all employees such as the Directors, senior management, middle management and other employees. The Anti-fraud Management Measures promote clean, diligent and fair work ethics and prevents any misconduct that may damage the Group's economic interests.

Moreover, the Group has developed a Policy and Procedures for Employees Raising Possible Improprieties which is dedicated to establishing a proper channel for employees to voice out their concerns, in particular, those related to possible improprieties in financial reporting, internal control, risk management and other matters. The policy allows a committee involving Independent Non-Executive Directors to be formed to investigate concerns raised by employees, monitor the investigation progress and to decide the follow up actions. Employees of all ranks can report any inappropriate or unethical behaviors by phone, email or letter. We will keep the identity of whistleblowers confidential. During the Year, the Group did not involve in or notice any incident of violation of anti-bribery or anti-corruption related laws and regulations and there is no concluded legal cases regarding corrupt practices brought against the Group or its employees during the Year.

# COMMUNITY INVESTMENT

The Group attaches great importance to corporate social responsibility and regards the prosperity and stability of society as the cornerstone of its development. To this end, the Group actively supports charitable projects and public welfare activities and provides job opportunities for people with disabilities. We also encourage employees to participate in volunteer activities and make charitable donations to comprehensively enhance employees' sense of social responsibility.

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Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Protection Use of Resources Green Operation	7 9 10
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