



# VCREDIT Holdings Limited 維信金科控股有限公司

(registered by way of continuation in the Cayman Islands with limited liability)

Stock Code: 2003



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2018



# Environmental, Social and Governance (ESG) Report

## Contents

1	OVERVIEW OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT	2
1.1	ABOUT THE ESG REPORT	2
1.2	MAIN BUSINESSES AND MISSION OF THE COMPANY	2
1.2.1	Main Businesses	2
1.2.2	Our ESG Mission	2
2	RIGHTS AND INTERESTS OF CLIENTS AND INVESTORS	3
2.1	CORPORATE SOCIAL RESPONSIBILITY AND INNOVATIVE DEVELOPMENT	3
2.1.1	Corporate Social Responsibility	3
2.1.2	Innovative Development	3
2.2	HANDLING COMPLAINTS FROM CLIENTS AND SOLUTIONS TO COMPLAINTS	5
2.2.1	Complaints from Clients	5
2.2.2	Solutions to Complaints	5
2.3	INFORMATION SECURITY	6
2.4	INFORMATION ASSETS SECURITY	6
2.5	INVESTOR RELATIONSHIP MANAGEMENT	7
2.6	SUPPLY CHAIN MANAGEMENT	7
2.7	MEASURES ABOUT ANTI-BRIBERY AND ANTI-FRAUD	8
2.8	MEASURES ABOUT ANTI-MONEY LAUNDERING AND COUNTER-TERRORIST FINANCING	8
3	PROTECTION OF EMPLOYEE RIGHTS	8
3.1	EQUAL EMPLOYMENT AND EMPLOYMENT STATUS	8
3.1.1	Principles of Equal Employment	8
3.1.2	Employment Status	9
3.1.3	Employee Turnover	9
3.1.4	Employee Promotion	9
3.1.5	Working Hours and Rest Periods	9
3.2	EMPLOYEE COMPENSATION AND WELFARE	10
3.3	EMPLOYEE HEALTH AND SAFETY	10
3.4	EMPLOYEE DEVELOPMENT AND TRAINING	11
3.5	EMPLOYEE ACTIVITIES	11
3.6	GUIDELINES AND MEASURES TO PREVENT CHILD LABOUR OR FORCED LABOUR	12
4	ENVIRONMENTAL PERFORMANCE ANALYSIS	12
4.1	CORPORATE WASTE ANALYSIS	12
4.1.1	Overview of Relevant Environmental Protection Policies	12
4.1.2	Relevant Indicator Analysis of Corporate Waste	14
4.2	USE OF RESOURCES	16
4.2.1	Major Energy Consumption Structure	16
4.2.2	Measures to Promote Effective Usage of Energy and Resources	17
4.2.3	Results of Obtaining Suitable Water Source and Enhancing Usage Efficiency of Water	17
4.2.4	The Total Amount of Packaging Materials Used in the Finished Products and the Amount of Each Production Unit	17
4.3	ENVIRONMENT AND NATURAL RESOURCES ANALYSIS	17
4.3.1	Analysis of the Significant Impacts of Corporate Business Activities on the Environment and Natural Resources and Related Measures	17
5	GIVING BACK TO THE SOCIETY	18
5.1	COMMUNITY INVESTMENT	18

# 1 OVERVIEW OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

## 1.1 ABOUT THE ESG REPORT

This ESG Report describes the environmental, social and governance performance of VCREDIT Holdings Limited (“the Company” or “VCREDIT”, and together with its subsidiaries, the “Group”). This ESG Report illustrates the principles of the Company in fulfilling its corporate social responsibility (“CSR”), and also illustrates the vision and commitments for its CSR.

This ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

This ESG Report covers the time period between 1 January, 2018 and 31 December, 2018 (“Year of 2018”). The contents of this ESG Report mainly focuses on the core businesses of the Group, and its practices in sustainable development and its overall performance in fulfilling its CSR.

## 1.2 MAIN BUSINESSES AND MISSION OF THE COMPANY

### 1.2.1 Main Businesses

The Company is an investment holding company. The Group is a technology-driven consumer finance provider in the People’s Republic of China (“China”, or the “PRC”). The Group primarily offers three lines of credit products, all of which are installment-based: (1) credit card balance transfer products, (2) consumption credit products, and (3) online-to-offline credit products. During the Year of 2018, the Group reviewed and concluded a disposal of Hangzhou Vision Financial Servicing Co., Ltd., which operates the Group’s online-to-offline business platform. Going forward, the Group will focus on its pure online products as the main businesses of the Company as follows:

- (1) Credit card balance transfer products: The credit card balance transfer products allow credit card holders to transfer the outstanding balances of their credit cards to our credit products to bridge their short-term liquidity management needs.
- (2) Consumption credit products: Consumption credit products provide consumers with a variety of installment credit solutions tailored to their specific user cases.

### 1.2.2 Our ESG Mission

With the continuous expansion of China’s consumer finance market, the demand for consumer credit products by individual borrowers in the market is growing as well. The Company offers tailored consumer finance products to prime and near-prime borrowers who are underserved by traditional financial institutions and consumer finance products by facilitating transactions between borrowers and financial institutions. In seeking to achieve its business objectives, the Group attaches importance to balancing the needs of business development and fulfilling its ESG responsibilities.

## 2 RIGHTS AND INTERESTS OF CLIENTS AND INVESTORS

### 2.1 CORPORATE SOCIAL RESPONSIBILITY AND INNOVATIVE DEVELOPMENT

#### 2.1.1 Corporate Social Responsibility

As a corporate citizen in the society, VCREDIT actively fulfills its social responsibilities. The Company looks to utilise resources more effectively and reduce energy consumption in its business operations through the establishment of an efficient operating model. The Company continues to pay great attention to the rights and interests of users, investors and employees while promoting works that are related to sustainable development, environmental governance, and the wellbeing of society. The Company strives to comprehensively enhance its overall social performance.





#### 2.1.2 Innovative Development

VCREDIT is committed to product and service innovation. The Company provides users across China with customized and accessible financial services through innovative methods, utilizing big data and intelligent risk management. During the Year of 2018, VCREDIT's various services and products have won a number of international and domestic awards and honors which reflects the Company's outstanding status and recognition in the industry.

During the Year of 2018 and as of 31 January, 2019, VCREDIT has received the following awards:

 <p>A certificate with a gold border. At the top, it says '证书' (Certificate) and 'CERTIFICATE'. Below that, it reads '2018普惠金融践行机构' (2018 Financial Inclusion Practice Agency). The name '维信金科' (Weixin金科) is prominently displayed in red. At the bottom, there are signatures and the logo of '中国经营报' (China Business Journal).</p>	 <p>A certificate with a gold border. At the top, it features the 'SMG' logo. Below that, it reads '2018年度创新共赢合作伙伴' (2018 Annual Innovative Win-Win Partner). The name '上海维信荟智金融科技有限公司' (Shanghai Weixin Huizhi Financial Technology Co., Ltd.) is listed. At the bottom, there is a red circular seal and the text '中国商业网络' (China Business Network).</p>
<p>In July 2018, considering VCREDIT's outstanding contribution and long-term efforts in financial inclusion, China Business Journal and Grameen (China) Co., Ltd. awarded the <i>2018 Financial Inclusion Practice Agency Award</i> to VCREDIT.</p>	<p>In November 2018, VCREDIT won the <i>2018 Innovative and Win-Win Partner</i> awarded by China Business Network (CBN).</p>



	
<p>In December 2018, VCREDIT won the <i>2018 Intelligent Innovation Fintech Company</i> award from the 21st Century Asian Financial Conference for its outstanding performance in innovation in the field of intelligent finance.</p>	<p>In December 2018, VCREDIT won the <i>Annual Outstanding Institution Award in terms of Industry Contribution</i> with its profound industry experience and outstanding performance.</p>
	
<p>In January 2019, VCREDIT stood out from more than 200 shortlisted enterprises with its unremitting technological efforts in innovation and compliance management, and won the <i>2018 Chinese Good Company</i> annual award.</p>	<p>In January 2019, VCREDIT was selected as one of the <i>2018 Love Analysis — Top 100 Chinese Technologically Innovative Enterprises</i> by virtue of its unremitting efforts in innovation in the field of fintech and its outstanding comprehensive strength.</p>



In January 2019, the new financial annual conference “New Bank, New Internet Finance, New Technology, New Connection” sponsored by 01 Think Tank of 01Caijing was held in Beijing. VCREDIT was selected into the “Top 15 Fintech Warfare Book Intelligent Risk Control Service Provider”, and was awarded the *Fintech Warfare Book Innovation Award*.

## 2.2 HANDLING COMPLAINTS FROM CLIENTS AND SOLUTIONS TO COMPLAINTS

### 2.2.1 Complaints from Clients

The Company highly values the rights of its customers, and seeks to develop its business through listening carefully to its customers suggestions and resolving complaints and disputes on a timely basis. Most customer complaints in the Year of 2018 were handled by the Group’s customer service specialists. In the event that customer complaints were not resolved by the Group’s frontline customer service specialists, they were escalated and handled by related supervisors or complaint handling specialists.

### 2.2.2 Solutions to Complaints

Most complaints received by the Group concern post-loan collection, credit objections, insurance premiums and fee standards (deduction of fees, etc.) and are resolved by the customer services department. Unresolved complaints are referred to directors or complaint handlers and, if there is a risk of customer litigation, the situation is reported to the internal control compliance department which will take measures to handle any litigation.

## 2.3 INFORMATION SECURITY

The Company attaches great importance to information security. At present, the Group has formulated and implemented a series of internal policies such as *Information Security Management Strategy* and *Information Asset Classification and Security Management Rules*. The Group strictly protects corporate information which includes but is not limited to customer information and materials. Specific measures include classification and sensitivity grading of information assets in the management system, and establishing corresponding security management regulations for different information assets.

In addition, the systems and policies of various departments of the Group (such as the *Customer Service Compliance Manual* and *Quality Inspection Management Rules*) clearly define the operational requirements for customer information security management.

## 2.4 INFORMATION ASSETS SECURITY

The Group has established strict rules and procedures to protect the security of customers' information. To safeguard customer information, the Group first confirms that the customer information and materials have been authorized by the customer in written form, and clarifies the terms of customer information protection and reasonable use of information in its customer agreement. After obtaining the customer information and authorization, the Group strictly follows the agreement terms and uses customer information as needed to conduct business within the permitted scope. In its use and storage of customer information, the Group adopts a strict confidentiality policy for customer information with measures including protection from access by non-essential employees, de-sensitization of customer information and restrictions on rights to bulk acquisition or download.

## 2.5 INVESTOR RELATIONSHIP MANAGEMENT

Investor relations is one of the most important tasks for the Company to develop in its corporate governance management. The Company attaches great importance to investor relations management, trying to form a benign interaction with investors.

During the Year of 2018, the Company organized a number of investor relations activities, such as its global roadshow and investor presentation luncheon in respect of its initial public offerings in June 2018 and Interim Results Conference Call in August 2018. At the same time, the Company has actively participated in investor conferences such as the Annual Global China Summit organized by JP Morgan in October 2018, and the Asia Investor Conference organized by Credit Suisse in November 2018.



## 2.6 SUPPLY CHAIN MANAGEMENT

In January 2018, the Group issued the *Administrative Procurement Management Rule*, which clarifies the regulations and standards for the selection and access of suppliers. According to the *Administrative Procurement Management Rule*, the Group will classify suppliers according to the purchase amount and purchase categories, and ensure that there are no fewer than three qualified suppliers of each product category. Each supplier is required to submit basic business materials such as industrial and commercial tax. If certain purchase categories require special qualifications, the qualifications of the suppliers must be censored before they can be included in the supplier database. The Company regularly (on a yearly basis) evaluates the service qualifications and usage of each supplier, and may remove the suppliers who are unsatisfactory.

## 2.7 MEASURES ABOUT ANTI-BRIBERY AND ANTI-FRAUD

In January 2018, the Group issued the *Anti-Fraud Management Rule*, the main purpose of which is to regulate the professional behavior of the Group's middle and senior management teams and all other employees. The management teams and all other employees of the Group must strictly abide by relevant laws and regulations as well as the *Anti-Fraud Management Rule*, and must not engage in corrupt or fraudulent acts that may harm the interests of the Company and shareholders. The *Anti-Fraud Management Rule* clearly states the definition, verification, follow-up remediation and punishment measures of fraudulent practices which effectively reduces the likelihood of occurrence of corrupt and fraudulent practices within the Group.

In May 2018, the Group issued the *Staff Anti-Fraud Codes* that sets strict restrictions and penalties for corruption and fraud committed by employees and requirements for reporting such acts.

## 2.8 MEASURES ABOUT ANTI-MONEY LAUNDERING AND COUNTER-TERRORIST FINANCING

In January 2018, the Company issued the *Anti-Money Laundering and Counter-Terrorist Financing Management Measures*, which implements preventive management measures for anti-money laundering and anti-terrorism financing within the Group. Specific measures include customer identification, suspicious transaction identification, and internal audit of anti-money laundering and anti-terrorism financing.

In addition, these management measures clarify the job responsibilities and management scope of each department in the internal control system, and effectively raises the awareness of anti-money laundering and anti-terrorism financing of various departments within the Group.

# 3 PROTECTION OF EMPLOYEE RIGHTS

## 3.1 EQUAL EMPLOYMENT AND EMPLOYMENT STATUS

### 3.1.1 Principles of Equal Employment

VCREDIT strictly abides by applicable labour laws and regulations, and has established comprehensive employment rules and regulations that clearly define the rights and obligations of employees.

During the recruitment process, the Group adheres to the principles of fairness and justice to recruit qualified candidates and to avoid any discriminatory behavior. The Group is committed to building a diverse and inclusive work environment and strives to provide equal opportunities to employees.



### 3.1.2 Employment Status

As of 31 December, 2018, the employment status of VCREDIT is shown as follows:

Total employment	People	812
<b>By gender</b>		
Male	%	43.2%
Female	%	56.8%
<b>By education background</b>		
Bachelor's degree and above	%	64.4%
Junior college degree	%	31.2%
Vocational school and high school degrees	%	4.4%
<b>By age</b>		
30 and below	%	66.1%
31–50	%	32.9%
51 and above	%	1.0%

As of 31 December, 2018, the total number of employees of VCREDIT was 812. Perceived by gender, the overall gender ratio of the Company's in-service employees is nearly 1:1, while the proportion of women is slightly higher. Perceived by age group, there are many young employees, and most of the employees are under 35 years old, which reflects the Company's overall staff vitality and ability to better adapt to the development of the Internet finance industry. Perceived by academic backgrounds, nearly 65% of VCREDIT's employees have obtained bachelor's degrees or above, demonstrating the high-quality academic background of the Group's employees.

### 3.1.3 Employee Turnover

In the Year of 2018, the total employee turnover was 937, which includes the employee turnover of the online-to-offline credit products segment between January 2018 and November 2018.

### 3.1.4 Employee Promotion

The Group's performance management scheme requires employees to conduct performance management assessment on a regular basis. The assessment measures the completion of targeted performance, evaluation of work results, and other relevant factors. The outcomes of the assessment will determine the promotion opportunities for employees.

### 3.1.5 Working Hours and Rest Periods

The working hours of the Group's employees are specified in the employee handbook. An employee's official working hours is eight hours per day from Monday to Friday, and its duration depends on the actual division in which an employee is stationed and which of the three working hour systems apply: standard working hours, synthetic working hours and unscheduled working hours.

Employees are entitled to a one-hour lunch break each working day. The lunch break is not included in the calculation of working hours.

### 3.2 EMPLOYEE COMPENSATION AND WELFARE

To attract, motivate and retain talent, VCREDIT provides a comprehensive and competitive compensation scheme for its employees.

As part of an employee's compensation and welfare package, VCREDIT pays social insurance and housing provident fund for employees in accordance with applicable laws and regulations. Social insurance includes pension insurance, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance. At the same time, employees are also legally entitled to remuneration, welfare and holidays that are prescribed by applicable laws and regulations.

Employee welfare provided by VCREDIT includes:

- **Annual leave**

VCREDIT provides employees with annual leave. Employees are entitled to individual annual leave, and the specific annual leave entitlement is determined in reference to the number of cumulative working years.

- **Sick leave**

Employees are entitled to sick leave, during which employees are eligible to receive salary in accordance with applicable laws and regulations.

- **Other leave**

Employees of VCREDIT are also entitled to other kinds of leave benefits. For example, VCREDIT provides entitled employees with personal leave, marriage leave, bereavement leave, antenatal check leave, maternity leave, and paternity leave. These and other entitlements are specified in the employee handbook.

### 3.3 EMPLOYEE HEALTH AND SAFETY

VCREDIT pays great attention to the health and safety of its employees, and strictly complies with relevant laws and regulations such as the Prevention and Control of Occupational Diseases Law of the People's Republic of China, Supervision and Administration Regulations on Occupational Health in the Workplace and Regulations on Industrial and Commercial Insurance. The Company strives to create a safe working environment for employees.

All employees are entitled to an annual health check, and employees are encouraged to adopt lifestyles that prevent disease in advance. The Group also regulates the employee's work behavior and smoking guidelines in the Employee Handbook.

### 3.4 EMPLOYEE DEVELOPMENT AND TRAINING

VCREDIT places great emphasis on promoting employee development, and periodically provides various types of training activities for employees to help them achieve overall improvement. In the Year of 2018, the Company provided 35 training activities for its employees, which involved a total of 741 attendances, and lasted for a total of 221 hours. The training topics included orientation training for new employees, office software and basic skills training, personal soft skills training, and finance knowledge explanation.

### 3.5 EMPLOYEE ACTIVITIES

To enrich employees' activities and enhance internal cohesion within the Group, VCREDIT organizes various employee activities on a regular basis, including:

#### – Monthly Birthday Party for Employees

In order to enhance the interaction and understanding between employees and to promote the work-and-life balance of employees, each month VCREDIT holds a birthday party for employees whose birthday falls during that month.



#### – Family Day, Parent-Child Association and Summer Camp for Employees' Children

VCREDIT attaches great importance to the family life of employees and encourages employees to spend more time accompanying their families in their leisure time. To support this, the Company regularly organizes various parenting events such as family days, parent-child association, and summer camps on specific holidays for employees' children. These activities have effectively enhanced the relationship among family members of the Company's employees, and further enhanced the cohesiveness of the Company's employees.



### 3.6 GUIDELINES AND MEASURES TO PREVENT CHILD LABOUR OR FORCED LABOUR

VCREDIT strictly abides by relevant laws and regulations including the National Law on the Protection of Minors and the Prohibition of the Use of Child Labour, avoids any use of child labour or forced labour in its business operations, and insists on zero tolerance to any form of child labour and forced labour.

## 4 ENVIRONMENTAL PERFORMANCE ANALYSIS

### 4.1 CORPORATE WASTE ANALYSIS

#### 4.1.1 Overview of Relevant Environmental Protection Policies

Set out below are summaries of the environmental protection policies and regulations adopted or followed by the Group.

Policies and Regulations	Date of Issuance and Issuer	Main Content
Three-year Action Plan for Winning the Battle for a Blue Sky (打贏藍天保衛戰三年計劃)	Promulgated on 03 July, 2018, the State Council	The plan states that it is expected to dramatically reduce the total emissions of major atmospheric pollutants, lower the greenhouse gas emissions in a coordinated manner, further see a marked drop in the density of PM 2.5, and significantly decrease the number of seriously polluted days, through best endeavors in the forthcoming three years, in turn to significantly improve the air quality and obviously strengthen the happiness of citizens to a blue sky.
The 13th Five-year Plan for the Development of National Environmental Protection Standards (國家環境保護標準十三五發展規劃)	Promulgated on 10 April, 2017, Ministry of Environmental Protection	The plan will facilitate the formulation and revision of about 900 environmental protection standards and the issuance of about 800 environmental protection standards, including about 100 quality standards and pollutant discharge (control) standards, about 400 environmental monitoring standards, and about 300 basic environmental standards and management standards.

Policies and Regulations	Date of Issuance and Issuer	Main Content
Law of the PRC on the Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法)	Promulgated on 5 September, 1987; and amended on 29 August, 1995, 29 April, 2000, 29 August, 2015, 26 October, 2018, respectively, Standing Committee of the National People's Congress	Protecting and improving the environment, preventing and controlling atmospheric pollution, safeguarding public health, promoting the construction of ecological civilization, and promoting sustainable economic and social development.
Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法)	Promulgated on 30 October, 1995; and amended on 29 December, 2004, 29 June, 2013, 24 April, 2015, 7 November, 2016, respectively, Standing Committee of the National People's Congress	In order to prevent and control the solid waste pollution on the environment, China will reduce the amount of solid waste and minimize its impact by fully utilizing the solid waste under the principle of harmless disposal of solid waste, thereby facilitating the development of clean production and recycling economy.
Environmental Protection Law of the PRC (中華人民共和國環境保護法)	Promulgated on 26 December, 1989; and amended on 24 April, 2014, Standing Committee of the National People's Congress	Protecting and improving the environment, preventing and controlling pollution and other public hazards, safeguarding public health, promoting the construction of ecological civilization, and promoting sustainable economic and social development.



#### 4.1.2 Relevant Indicator Analysis of Corporate Waste

##### Total emissions and emission density of exhaust gas

The exhaust gas generated by VCREDIT is mainly caused by fossil fuel combustion of automobiles, and major pollutants include nitrogen oxides (NOx), sulfur oxides (SOx) and suspended particulates (PM).

Total emissions and emission density of exhaust gas generated by VCREDIT in the Year of 2018 are as follows:

Exhaust Gas Type	Total Emissions (kg)	Emission Density (kg/RMB100 million)
Nitrogen Oxides (NOx)	569.9	20.82
Sulfur Oxides (SOx)	1.2	0.05
Suspended Particulates (PM)	53.4	1.95
<b>Total</b>	<b>624.5</b>	<b>22.82</b>

##### Total Emissions and Emission Density of Greenhouse Gas (GHG)

The various business segments of VCREDIT have caused direct and indirect emissions of greenhouse gases due to fossil fuels consumption of automobiles and the electricity consumption of daily office works. In the Year of 2018, the greenhouse gases emitted by VCREDIT reached a total of 7,089.0 tonnes of CO<sub>2</sub> equivalent, and the emission density was 259.01 tonnes of CO<sub>2</sub> equivalent/RMB100 million. Among them, direct emissions of greenhouse gases caused by fossil fuel combustion are about 227.8 tonnes of CO<sub>2</sub> equivalent, and indirect emissions of greenhouse gases caused by electricity use are about 6,861.2 tonnes of CO<sub>2</sub> equivalent.

The total amount of the Company's emissions calculated in terms of various dimensions in the Year of 2018 is shown in the following table:

Greenhouses Gases Type	Direct Emission (tonnes of CO <sub>2</sub> e) (from the fossil fuel consumption of automobiles)	Direct Emission Density (kg of CO <sub>2</sub> e/ RMB 100 million)	Indirect Emission (tonnes of CO <sub>2</sub> e) (from the electricity consumption of daily office works)	Indirect Emission Density (kg of CO <sub>2</sub> e/ RMB 100 million)
Carbon Dioxide (CO <sub>2</sub> )	200.6	7,328.54	6,827.3	249,445.80
Methane (CH <sub>4</sub> )	0.5	16.50	1.6	56.81
Nitrous Oxide (N <sub>2</sub> O)	26.7	977.09	32.3	1,181.71
<b>Total</b>	<b>227.8</b>	<b>8,322.13</b>	<b>6,861.2</b>	<b>250,684.32</b>

#### Total Amount and Density of Hazardous and Non-Hazardous Waste Generated by the Company

The total waste disposed by VCREDIT from daily office works in the Year of 2018 is shown in the following table:

Waste Type	Unit	Emissions
<b>Liquid Waste</b>		
Waste water	m <sup>3</sup>	0.0
<b>Non-Hazardous Solid Waste</b>		
Paper consumption	pieces	62,431
Office waste	tonnes	156.0
<b>Hazardous Solid Waste</b>		
Waste lead acid batteries	kg	0.0
Others (e.g. waste organic solution)	kg	0.0

All the non-hazardous solid wastes including paper and office waste mentioned above have been properly disposed of in accordance with relevant environmental protection laws and regulations.

## Measures to Reduce Emissions

### – Encouraging telephone and video conference to replace business travel

On 25 December, 2017, the Group issued the *VCREDIT Headquarter Business Travel Management Rules* which encourages employees to use telephone and video conferencing to replace business travel. If business travel is necessary, employees are required to carefully plan the route and choose the most economical and reasonable transportation modes in order to reduce their carbon footprint and emission of related pollutants.

## 4.2 USE OF RESOURCES

### 4.2.1 Major Energy Consumption Structure

The consumption of various resources by VCREDIT in the Year of 2018 is shown in the following table:

Resources Type	Source of consumption	Unit	Consumption
Gasoline	Automobiles	l	84,992.5
Electricity	Daily office works	kwh	8,705,333.0
Natural water	Daily office works	tonnes	6,708.0

The consumption density of various resources by VCREDIT in the Year of 2018 is shown in the following table:

Resources Type	Source of consumption	Unit	Consumption Density
Gasoline	Automobiles	l/RMB1 million	31.05
Electricity	Daily office works	kwh/RMB1 million	3,180.61
Natural water	Daily office works	tonnes/RMB1 million	2.45

In the Year of 2018, the overall energy consumption of VCREDIT was 3,608.2 tonnes of standard coal in total, about 2.5% of the energy consumption of which came from gasoline, and the remaining 97.5% came from electricity.

#### **4.2.2 Measures to Promote Effective Usage of Energy and Resources**

– **The Company promotes effective usage of energy and resources**

VCREDIT attaches great importance to efficient usage of energy and resources. The Company requires staff to ensure all doors, windows, taps, lights and air-conditioners to be switched off after work in order to avoid energy waste and safety problems.

#### **4.2.3 Results of Obtaining Suitable Water Source and Enhancing Usage Efficiency of Water**

VCREDIT obtained suitable water source in accordance with the relevant national environmental protection policies and regulations, and there was no issue in sourcing water.

In the Year of 2018, VCREDIT consumed a total of 6,708.0 tonnes of water from daily office works and the consumption density was 2.45 tonnes/RMB1 million. While the Group's business maintained a stable growth, the Group also maintained a relatively stable level of water consumption density and usage efficiency of water.

#### **4.2.4 The Total Amount of Packaging Materials Used in the Finished Products and the Amount of Each Production Unit**

The main business of VCREDIT is the provision of consumer finance products in the form of credit card balance transfer products and consumption credit products. Therefore, the Group's business uses no packaging material.

### **4.3 ENVIRONMENT AND NATURAL RESOURCES ANALYSIS**

#### **4.3.1 Analysis of the Significant Impacts of Corporate Business Activities on the Environment and Natural Resources and Related Measures**

VCREDIT conducts business operations in accordance with relevant environmental protection and emission laws and regulations. The major sources of waste emissions and disposals of VCREDIT include automobiles and daily office works, which all meet the requirements raised by relevant national environmental protection regulations and emission regulations, and have caused no significant impact on the environment or natural resources.

## 5 GIVING BACK TO THE SOCIETY

### 5.1 COMMUNITY INVESTMENT

#### – Continuous support to a rehabilitation institution for children with cerebral palsy

For years, VCREDIT has supported Cerecare Wellness Center, a private non-profit organization for the rehabilitation of children with cerebral palsy located in Xuhui District, Shanghai. In 2017, the Company cooperated with Shanghai Hua Ai Charity Foundation to fund the public welfare programs of Cerecare Wellness Center. In 2018, VCREDIT funded two children from Cerecare Wellness Center who are seriously afflicted by cerebral palsy with rehabilitation training, and funded another child from Cerecare Wellness Center as well to learn vocal music for nine months which ultimately helped him to get the opportunity to perform on stage and achieve his musical dream.



#### – Actively participated in the urban orienteering public welfare campaign for children with autism

On 1 April, 2018, ten employee representatives of VCREDIT participated in the urban orienteering public welfare campaign for children with autism which was sponsored by Shanghai YMCA and Hua Ai Children's Training Center. During the activity, each participant traveled to various communities and service points of the YMCA. Through practical action, participants cared for members of the autistic community, popularized knowledge and slogans about autism, and urged surrounding community members that were unexposed to the depths of autism to join the team that places emphasis on the care for children with autism.

