



**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  
**2019**



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# **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, 2019 and 31 December, 2019 (“Year of 2019”). The contents of this ESG Report mainly focuses on the core businesses of the Group and its practices in sustainable development and overall performance in fulfilling CSR.

## **1.2 MAIN BUSINESSES AND MISSION OF THE GROUP**

### **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 two credit products through our pure online loan origination processes: (1) credit cards balance transfer products, and (2) consumption credit products, both of which are installment based. During the Year of 2019, the Group has continuously focused on accessibility and inclusivity. We strive to provide unrivalled user experience to underserved borrowers through our cutting-edge technology and proven risk management capabilities. Positioned at the customer interface of the consumer finance value chain, we are committed to cultivating a responsible and compliance-centric consumer finance universe, while encouraging our talent base to constantly innovate in operations and technological development in order to benefit our business profitability and more importantly, improve our customer experiences.

## 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 Group 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.

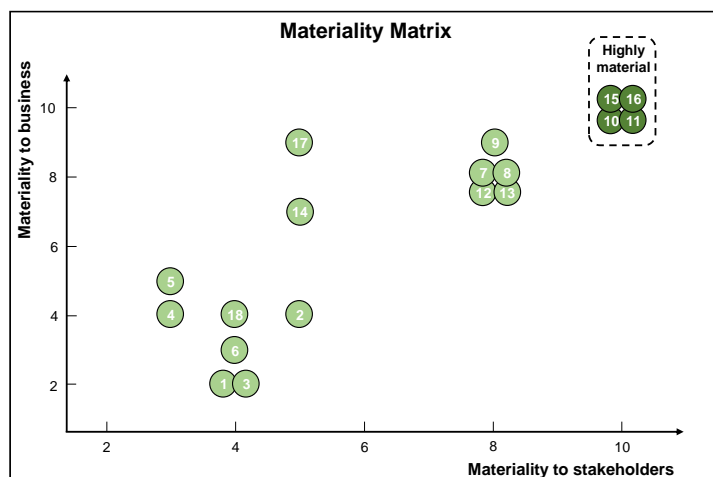
## 1.3 STAKEHOLDER PARTICIPATION

The Group believes that an understanding of the opinions of its stakeholders helps towards building a solid foundation for the Group's long-term growth and success. The Group has an extensive network of stakeholders that includes employees, customers, suppliers and business partners, investors, governments, and community groups.

Stakeholder Group	Engagement Channels	Matters of Concern
<b>Investors</b>	<ul style="list-style-type: none"><li>➤ Shareholders meetings</li><li>➤ Regular company publications</li><li>➤ Annual reports</li><li>➤ Circulars and announcements</li><li>➤ Results conference calls</li><li>➤ Investors meeting</li></ul>	<ul style="list-style-type: none"><li>➤ Business strategy and business sustainability</li><li>➤ Financial performance</li><li>➤ Corporate governance</li><li>➤ Risk and compliance management</li></ul>
<b>Clients</b>	<ul style="list-style-type: none"><li>➤ Hotline</li><li>➤ WeChat online customer service</li></ul>	<ul style="list-style-type: none"><li>➤ Product reliability</li><li>➤ Cost transparency</li><li>➤ Fund security</li><li>➤ Service quality and reliability</li><li>➤ Customer material security</li></ul>
<b>Employees</b>	<ul style="list-style-type: none"><li>➤ Staff communication meetings</li><li>➤ Internal announcement columns</li><li>➤ Hotline and email</li></ul>	<ul style="list-style-type: none"><li>➤ Training and development</li><li>➤ Employee compensation</li><li>➤ Rights and benefits</li><li>➤ Employees' health and safety</li></ul>
<b>Suppliers and business partners</b>	<ul style="list-style-type: none"><li>➤ Official website of the Company</li><li>➤ WeChat official account</li><li>➤ Weibo official account</li><li>➤ Procurement activities</li></ul>	<ul style="list-style-type: none"><li>➤ Fair competition</li><li>➤ Industry cooperation and development</li><li>➤ Supply chain management</li></ul>
<b>Government and other regulatory agencies</b>	<ul style="list-style-type: none"><li>➤ Licensed institutions reports on regulatory data</li><li>➤ Field visits from government leaders</li></ul>	<ul style="list-style-type: none"><li>➤ Compliance with laws and regulations</li><li>➤ Respond to inquiries / visits</li></ul>
<b>Community groups</b>	<ul style="list-style-type: none"><li>➤ Regular meetings of government party committees and trade unions</li><li>➤ Communication / donation by relevant charitable social groups</li></ul>	<ul style="list-style-type: none"><li>➤ Environmental protection</li><li>➤ Community responsibility</li></ul>

## 1.4 MATERIALITY ASSESSMENT

Based on the environmental and social dimensions listed in the Environmental, Social and Governance Reporting Guidelines, the information collected from stakeholders, and the assessment of materiality, the Group has established the following materiality matrix to show the dimensions that are critical to the Group's business and stakeholders.



#	Dimensions
15	Product/service quality and client satisfaction
16	Client privacy protection
10	Equal opportunity for employees
11	Employment safety and working environment security

These dimensions will become the primary focus for the Group's environmental, social and governance strategies. We believe that it will make a significant contribution to the long-term sustainable development of the Group.

## 2 RIGHTS AND INTERESTS OF CLIENTS AND INVESTORS

### 2.1 CORPORATE SOCIAL RESPONSIBILITY AND INNOVATIVE DEVELOPMENT



#### 2.1.1 Corporate Social Responsibility

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

#### 2.1.2 Innovative Development

VCREDIT is committed to product and service innovation. The Group provides users across China with customized and accessible financial services through innovative methods and utilizing big data and intelligent risk management. During the Year of 2019, VCREDIT's various services and products have won a number of awards and honors, reflecting the Group's outstanding status and recognition in the industry.

During the Year of 2019, VCREDIT received the following awards:

	
2019 Outstanding TMT Company of the Year <i>ChinaTimes</i>	2019 Outstanding Competitive Fintech Influential Company <i>China Business Journal</i>





2019 China Golden Tripod Awards-  
Outstanding Fintech Company of the  
Year  
*National Business Daily*



2019 Information Disclosure Enterprise  
Award  
*21st Century Asian Finance Conference*



2019 Outstanding Competitive Fintech  
Influential Company  
*01 Caijing*



2019 Chinese Banking Fintech Service  
Provider TOP30  
*Yiben Caijing*



2019 ifenxi • Top 50 Financial  
Technology Innovation Enterprises in  
China  
*ifenxi*



2018 Key Enterprise Major Contribution  
Award  
*Hongkou District People's Government*

## **2.2 HANDLING COMPLAINTS FROM CLIENTS AND SOLUTIONS TO COMPLAINTS**

### **2.2.1 Complaints from Clients**

The Group highly values the rights and perspectives of its customers, and actively seeks to develop its business through listening carefully to customer suggestions and resolving complaints and disputes in a timely manner. During the Year of 2019, complaints were handled by customer service specialists. Most complaints received by the Group concerned repayment terms and fee amounts.

### **2.2.2 Solutions to Complaints**

In the event that customer complaints are not resolved by the Group's frontline customer service specialists, they are escalated and handled by related supervisors or complaint handling specialists. If there is risk of customer litigation, complaints are reported to the internal control compliance department which will take measures to handle any litigation.

## **2.3 INFORMATION SECURITY**

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

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 use of 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 Group to develop in its corporate governance management. The Group attaches great importance to investor relations management, trying to form a positive interaction with investors.

During the Year of 2019, the Group organized a number of investor relations activities, including annual and interim results conference calls with investors in March and August 2019, and successfully holding corporate open days in October 2019. In addition, the Group actively participated in a number of investor conferences over the course of the Year of 2019, such as the 2019 Asian Technology Network Conference organized by Goldman Sachs in May 2019, the Third Guotai Junan International Investment Summit Forum organized by Guotai Junan in May 2019, and the 18th Asian Summit organized by Morgan Stanley in November 2019. The Group also organized non-transaction roadshows of its own in North America and Asia several times in 2019 in order to strengthen communication with investors and potential investors.

## 2.6 SUPPLY CHAIN MANAGEMENT

During the Year of 2019, the Group complied with 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 classifies suppliers according to the purchase amount and purchase categories, and ensures that there are no fewer than three qualified suppliers of each product category. Each supplier is required to submit basic business materials such as corporate and tax registration certificates. If a certain purchase category requires suppliers to have special qualifications, the qualifications of the suppliers must be verified before they can be included in the supplier database. The Group regularly (on a yearly basis) evaluates the service qualifications and usage of each supplier, and may remove those suppliers who are unsatisfactory.

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

During the Year of 2019, the Group complied with the *Anti-Fraud Management Rule*. Its main purpose 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 Group and its 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.

During the Year of 2019, the Group complied with the *Staff Anti-Fraud Codes*, which sets strict rules restrictions and penalties to prevent corruption and fraud by employees and specifies requirements for reporting such acts.

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

During the Year of 2019, the Group complied with the *Anti-Money Laundering and Counter-Terrorist Financing Management Measures*. The Group 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, 2019, the employment status of VCREDIT is shown as follows:

<b>Total employment</b>	<b>People</b>	<b>745</b>
<b>By gender</b>		
Male	%	47.1%
Female	%	52.9%
<b>By education background</b>		
Bachelor's degree and above	%	68.6%
Juniour college degree	%	27.5%
Vocational school and high school degrees	%	3.6%
Junior high school	%	0.3%
<b>By age</b>		
30 and below	%	63.9%
31-50	%	34.8%
51 and above	%	1.3%

As of 31 December, 2019, the total number of employees of VCREDIT was 745. Perceived by gender, the overall gender ratio of the Group'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 30 years old, which reflects the Group's overall staff vitality and ability to better adapt to the development of the Internet financial industry.

### **3.1.3 Employee Turnover**

In the Year of 2019, the total employee turnover was 417. The Group's employee turnover in the Year of 2019 mainly came from the customer service collection department and the 26 to 30-year-old age group.

### **3.1.4 Employee Promotion**

Under the Group's performance management scheme, the performance of employees is assessed on a regular basis by management. 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 by 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 Group 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 2019, the Group provided 18 training activities for its employees, which involved a total of 978 attendances, and lasted for a total of 124 hours. The training topics included orientation training for new employees, office software and basic skills training, personal soft skills training, and information security education.

### 3.5 EMPLOYEE ACTIVITIES

To enrich employees' activities and enhance internal cohesion within the Group, VCREDIT organizes various employee activities on a regular basis. During the Year of 2019, VCREDIT organized a number of such events including:

- **Festival-Themed Activities**

Mid-Autumn Festival themed event: In September 2019, the human resources department of VCREDIT organized a warm and joyful Mid-Autumn Festival themed event. This event gave employees the opportunity to get together to share food and creative ideas, and celebrate the festive season after their busy work, which has not only shortened the formal distance between colleagues, inspired greater ideas, and also made everyone feel a strong family friendships and a familial atmosphere.

Halloween-themed event: In November 2019, VCREDIT organized a Halloween-themed event for employees. Through dressing up, playing mini-games, snack sharing, and other activities, employees met new friends and higher work enthusiasm was inspired.

- **VCREDIT College Monthly Book Sharing Activity**

In order to provide more diversified training and learning, the Training Department of VCREDIT launched a series of learning activities called "mobile VCREDIT College". Each month, VCREDIT organized learning activities with different themes, such as film watching and sharing, book sharing, and museum visiting. By participating in the activities, employees from different departments and levels were grouped together, which has also greatly promoted the communication among employees, and practiced VCREDIT's faith of building a learning organization.

### 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*, and 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
<b>Law of the PRC on the Prevention and Control of Atmospheric Pollution (2018 Amendment)</b> (《中华人民共和国大气污染防治法》，2018年修订)	Amended on 26 October, 2018, 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.
<b>Three-Year Action Plan for Winning the Battle for a Blue Sky</b> (《打赢蓝天保卫战三年计划》)	Promulgated on 27 June, 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 PM2.5, 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.
<b>Shanghai Three-Year Action Plan for Environmental Protection and Construction 2018-2020</b> (《上海市2018-2020年环境保护和建设三年行动计划》)	Promulgated on 29 March, 2018, General Office of the Shanghai Municipal People's Government	By 2020, Shanghai's ecological environment quality, ecological space scale, and resource utilization efficiency will be significantly improved, environmental risks will be effectively prevented and controlled, green production and green living standards will be significantly improved, and major progress will be made in modernizing the ecological environment governance system and governance capabilities.
<b>13th Five-Year Plan for National Environmental Protection Standards</b> (《国家环境保护标准“十三五”发展规划》)	Promulgated on 10 April, 2017, Ministry of Environmental Protection	This plan will fully promote the development and revision of about 900 environmental protection standards, and will also release about 800 environmental protection standards, including about 100 quality standards and pollutant emission (control) standards, about 400 environmental monitoring standards, and 300 items of basic environmental standards and management norms.
<b>Environmental Protection Law of the PRC (2014 Amendment)</b> (《中华人民共和国环境保护法》，2014年修订)	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 (NO<sub>x</sub>), sulfur oxides (SO<sub>x</sub>) and suspended particulate matter (PM). In the Year of 2019, the total exhaust gas emissions and density of VCREDIT showed a significant decrease compared with its level in the Year of 2018, which was mainly a result of a reduction in the number of vehicles owned by the Group in the Year of 2019, thereby reducing the vehicle exhaust emissions.

The total emissions generated by VCREDIT in the Year of 2019 and its comparison with the Year of 2018 are shown in the following table:

<b>Exhaust Emissions</b>				
<b>Exhaust Gas Type</b>	<b>Unit</b>	<b>2019</b>	<b>2018</b>	<b>Annual Growth Rate (2018-2019)</b>
Nitrogen Oxides (NO <sub>x</sub> )	kg	212.1	569.9	-62.8%
Sulfur Oxides (SO <sub>x</sub> )	kg	0.5	1.2	-58.3%
Suspended Particulates (PM)	kg	20.3	53.4	-62.0%
<b>Total</b>	<b>kg</b>	<b>232.9</b>	<b>624.5</b>	<b>-62.7%</b>

The emission density of exhaust gas in the Year of 2019 and its comparison with the Year of 2018 are shown in the following table:

<b>Exhaust Emission Density</b>				
<b>Exhaust Gas Type</b>	<b>Unit</b>	<b>2019</b>	<b>2018</b>	<b>Annual Growth Rate (2018-2019)</b>
Nitrogen Oxides (NO <sub>x</sub> )	kg/RMB100 million	5.49	20.82	-73.6%
Sulfur Oxides (SO <sub>x</sub> )	kg/RMB100 million	0.01	0.05	-80.0%
Suspended Particulates (PM)	kg/RMB100 million	0.53	1.95	-72.8%
<b>Total</b>	<b>kg/RMB100 million</b>	<b>6.03</b>	<b>22.82</b>	<b>-73.6%</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 the fossil fuel consumption of automobiles and the electricity consumption of daily office works. In the Year of 2019, the greenhouse gases emitted by VCREDIT reached a total of 1,095.1 tonnes of CO<sub>2</sub> equivalent, and the emission density was 28.3 tonnes of CO<sub>2</sub> equivalent/RMB100 million. Among them, direct emissions of greenhouse gases caused by fossil fuel combustion amounted to about 96.8 tonnes of CO<sub>2</sub> equivalent, and indirect emissions of greenhouse gases caused by electricity use was about 998.3 tonnes of CO<sub>2</sub> equivalent. Compared to the Year of 2018, the greenhouse gas emissions and density of the Group in the Year of 2019 showed a decreasing trend.

The total amount of the Group's emissions calculated in terms of various dimensions in the Year of 2019 and its comparison with the Year of 2018 are shown in the following table:

Greenhouse Gas Emissions						
Greenhouse Gases Type	Direct Emission (tonne of CO <sub>2</sub> e) (from the fossil fuel consumption of automobiles)			Indirect Emission (tonne of CO <sub>2</sub> e) (from the electricity consumption of daily office works)		
	2019	2018	Annual Growth Rate (2018-2019)	2019	2018	Annual Growth Rate (2018-2019)
Carbon Dioxide (CO <sub>2</sub> )	85.2	200.6	-57.5%	993.4	1,113.4	-10.8%
Methane (CH <sub>4</sub> )	0.2	0.5	-57.5%	0.2	0.3	-10.8%
Nitrous Oxide (N <sub>2</sub> O)	11.4	26.7	-57.5%	4.7	5.3	-10.8%
<b>Total</b>	<b>96.8</b>	<b>227.8</b>	<b>-57.5%</b>	<b>998.3</b>	<b>1,119.0</b>	<b>-10.8%</b>

The GHG emission densities calculated by each dimension in the Year of 2019 and its comparison with the Year of 2018 are shown in the following table:

Greenhouse Gas Emissions Density						
Greenhouse Gases Type	Direct Emission Density (kg of CO <sub>2</sub> e/RMB100 million) (from the fossil fuel consumption of automobiles)			Indirect Emission Density (kg of CO <sub>2</sub> e/RMB100 million) (from the electricity consumption of daily office works)		
	2019	2018	Annual Growth Rate (2018-2019)	2019	2018	Annual Growth Rate (2018-2019)
Carbon Dioxide (CO <sub>2</sub> )	2,204.5	7,328.5	-69.9%	25,708.8	40,679.9	-36.7%
Methane (CH <sub>4</sub> )	5.0	16.5	-69.9%	5.9	9.3	-36.7%
Nitrous Oxide (N <sub>2</sub> O)	293.9	977.1	-69.9%	121.8	192.7	-36.7%
<b>Total</b>	<b>2,503.4</b>	<b>8,322.1</b>	<b>-69.9%</b>	<b>25,836.5</b>	<b>40,811.9</b>	<b>-36.7%</b>

In terms of total greenhouse gas emissions, the emissions of VCREDIT in the Year of 2019 showed a decrease of approximately 18.7% compared with its value in the Year of 2018. The main reasons for this decrease is that (1) VCREDIT reduced the number of vehicles owned by the Group in the Year of 2019, thereby reducing direct greenhouse gas emissions; (2) VCREDIT's indirect greenhouse gas emissions decreased due to a decrease of approximately 10.8% in electricity consumption in the Year of 2019 compared with its value in the Year of 2018, which is mainly attributable to the decrease in total office area, electricity-saving promotion, and the improvement of employee's electricity-saving attitudes.

### Total Amount and Density of Hazardous and Non-Hazardous Waste Disposed by the Group

The total waste disposed by VCREDIT from daily office works in the Year of 2019 and its comparison with the Year of 2018 are shown in the following table:

Liquid and solid waste disposal				
Waste Type	Unit	2019	2018	Annual Growth Rate (2018-2019)
<b>Liquid Waste</b>				
Wastewater	m <sup>3</sup>	0	0	-
<b>Non-Hazardous Solid Waste</b>				
Paper consumption	piece	350,000	245,000	42.9%
Others (such as meals, domestic waste, waste newspapers, etc.)	tonne	100	156	-35.9%
<b>Hazardous Solid Waste</b>				
Waste lead acid batteries	piece	10	0	-
Others (e.g. waste organic solution)	kg	0	0	-

The waste discharged by VCREDIT in the Year of 2019 mainly includes paper, other non-hazardous solid waste, and waste lead-acid batteries. Since June 2019, in accordance with the relevant regulations of the Shanghai Municipality on waste classification, all the workplaces of the Group have implemented a waste classification system. Through employee advocacy, the waste is placed at regular and fixed points. All the non-hazardous solid wastes including paper and office waste mentioned above have been properly disposed in accordance with the relevant environmental protection laws and regulations.

## Measures to Reduce Emissions and the Achievements

### - Encouraging telephone and video conferencing 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 methods in order to reduce their carbon footprint and emission of related pollutants.

### - Reduction of the number of vehicles owned by the Group

VCREDIT reduced the number of vehicles owned by the Group in the Year of 2019, and eliminated heavy-polluting and diesel-polluting vehicle types. At the same time, VCREDIT pays attention to controlling the number of vehicles and advocates green environmental protection. Through the above two methods, VCREDIT has substantially reduced the exhaust gas and greenhouse gas emissions from running motor vehicles in the Year of 2019.

## 4.2 USE OF RESOURCES

### 4.2.1 Major Energy Consumption Structure

The consumption of various resources by VCREDIT in the Year of 2019 and its comparison with the Year of 2018 are shown in the following table:

Resources Consumption					
Resources Type	Source of Consumption	Unit	2019	2018	Annual Growth Rate (2018-2019)
Gasoline	Automobiles	l	36,094.1	84,992.5	-57.5%
Electricity	Daily office works	kwh	1,266,642.0	1,419,677.0	-10.8%
Natural water	Daily office works	tonnes	6,731.0	6,708.0	0.3%

The consumption density of various resources by VCREDIT in the Year of 2019 and its comparison with the Year of 2018 are shown in the following table:

<b>Resources Consumption Density</b>					
<b>Resources Type</b>	<b>Source of Consumption</b>	<b>Unit</b>	<b>2019</b>	<b>2018</b>	<b>Annual Growth Rate (2018-2019)</b>
Gasoline	Automobiles	l/RMB1 million	9.34	31.05	-69.9%
Electricity	Daily office works	kwh/RMB1 million	327.81	518.70	-36.8%
Natural water	Daily office works	tonnes/RMB1 million	1.74	2.45	-29.0%

In the Year of 2019, the overall energy consumption of VCREDIT was 550.5 tonnes of standard coal in total; about 7% of the energy consumption came from gasoline, and the remaining 93% came from electricity. In the Year of 2019, the resource consumption of each business of VCREDIT decreased by approximately 17.2% compared with its value in the Year of 2018, which was mainly due to the reduction in energy consumption from the Group's vehicles and the reduction in electricity consumption due to improved attitudes towards energy-saving practices.

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

**- The Group promotes the effective usage of energy and resources**

VCREDIT attaches great importance to the efficient usage of energy and resources. The Group requires staff to ensure that all doors, windows, taps, lights, and air-conditioners are switched off after work in order to avoid energy waste and safety problems. In addition, VCREDIT pays particular attention to controlling the number of vehicles owned by the Group and advocates green environmental protection.

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

VCREDIT obtained a 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 2019, VCREDIT consumed a total of 6,731.0 tonnes of water from daily office works and the consumption density was 1.74 tonnes/RMB1 million. The water consumption of VCREDIT in the Year of 2019 increased slightly by 0.3% compared to the Year of 2018, while its water consumption density decreased significantly by 29.0% in the Year of 2019. While the Group's business maintained a stable growth, the Group also greatly improved water use efficiency, achieving improved water conservation and efficient water use.

### **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

As a public company listed on the main board of the Hong Kong Stock Exchange with inclusive finance as its development concept, VCREDIT has incorporated philanthropy into its corporate values. Since reaching out and helping a group of children with cerebral palsy ten years ago, the Group has consistently been amongst the ranks of those providing charitable and public welfare initiatives, turning small love into big love through practical actions, and providing more help to those in need.

With the attention and support of the Group's leaders, the Zhikangyuan Project has become a long-standing charity activity for volunteer teams from VCREDIT, one that provides warmth and love to sick children and helps them to participate in a normal study life. VCREDIT's volunteer teams also take root in the community and serve the local residents. VCREDIT actively pays attention to the elderly in the community and provides services to respect and help the elderly. In addition, the Group also actively participated in charitable fund-raising activities such as "Beautiful China" and Shanghai's "Love under the Blue Sky" to help those in need through their difficulties. In fact, VCREDIT not only helps people in need in the society, but also establishes mutual benefit funds within the Group and among employees, which can also help some of their employees overcome difficulties, illnesses, disasters, or other situations that they encounter.



The following are the Group's major achievements in community investment in the Year of 2019:

- **99 Public Welfare day**

Since its establishment, VCREDIT has always attached great importance to and remained committed to employee welfare and social charity, identifying those most in need and providing them with warmth, love, and support. Since 2017, VCREDIT Charity Foundation has established a long-term cooperation with Shanghai Christian Youth Association (YMCA). Every September, the Group encourages and supports employees to participate in the "99 Public Welfare Day", the nation's largest Internet public welfare activity.

The theme of the 99 Public Welfare Day 2019 is "99 Public Welfare Day, doing kind things together". After three days of public welfare activities from 7 September to 9 September, 2019, these 99 public welfare "invisible wings" project received 114 donations with a total of RMB11,852.68 from Group employees. This year's "Public Welfare Day" event has attracted more Group employees to participate, has spread more widely, and has spread love to all corners of the wider motherland by benefiting more people in need.

- **The Group's volunteer team won the title of "Excellent Volunteer Team"**

On 8 December, 2019, the "Volunteers of Dapugiao Youth Life +" Project -"I Speak Out Aloud" 2019 Volunteer Commendation Meeting, that was sponsored by the Dapugiao Street and the Shanghai Hua'ai Charity Foundation, was held in the Dapugiao Community Cultural Activity Center. Nearly 200 volunteers gathered at the conference and commended 12 volunteer individuals and 5 volunteer teams for their charitable activities. With nearly a year of outstanding performance, the VCREDIT volunteer team was awarded the title of "Excellent Volunteer Team".