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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 Company’s vision and commitments in respect of 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”).

The key performance indicators in this ESG Report are compiled with reference to the relevant calculation standards and methods provided in the “ESG Guide” under Appendix 27 to the Listing Rules. The calculation methods used to determine the key performance indicators in this ESG Report are consistent with those used in the Company’s previous ESG Report. To provide an unbiased picture of VCREDIT’s ESG performance, VCREDIT has avoided selections, omissions and presentation format that may inappropriately influence a decision or judgment by the reader.

This ESG Report covers the period commencing on 1 January, 2020 and ending on 31 December, 2020 (“Year of 2020”). 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 its 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 card balance transfer products, and (2) consumption credit products, both of which are installment-based. During the Year of 2020, 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 offering consumer finance products and facilitating consumer finance transactions between borrowers and financial institutional funding partners. The board of directors of the Company (the "Board") recognises the significance of implementing effective ESG measures at the Group's operational level. In seeking to achieve its business objectives, the Board attaches importance to balancing the needs of business development and fulfilling the Group's ESG responsibilities. The Board supervises the Group in fulfilling its ESG responsibilities.

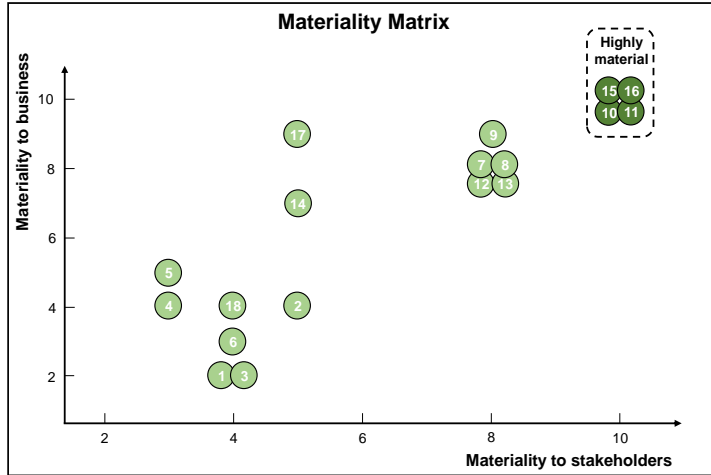
## **1.3 STAKEHOLDER PARTICIPATION**

The Group strives to offer long-term benefits to all of its stakeholders through responsible operations, which not only considers business development goals but also values a sustainable development concept. The Board believes that an understanding of the interests and 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. The Group endeavors to establish meaningful communication with its stakeholders to understand their views and include their interests, so as to guarantee the long-term development of the Group and maintain sustainable relationships with all stakeholders.

<b>Stakeholder Group</b>	<b>Engagement Channels</b>	<b>Matters of Concern</b>
<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 ESG Guide, 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. The Group will strive to align its overall development strategy with the goal of sustainable development and seek to incorporate these concepts into its operations.



## **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, to promote works that are related to sustainable development and 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. Having built an intelligent risk control system based on more than ten years of practical experience, and through flexible and effective means such as model iteration and algorithm optimization, the Group has kept its main indicators in a reasonable range and improved continuously. The Group maintains its overall asset quality at a healthy level, and its various businesses are under stable operation. At the same time, the Group is committed to standardizing intellectual property management and improving technological innovation management. During the Year of 2020, 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 2020, VCREDIT received the following awards:

	
<p>Outstanding TMT Company of the Year <i>Zhitong Caijing</i></p>	<p>2019 Key Enterprise Major Contribution Award <i>Hongkou District People's Government</i></p>
	
<p>2020 Banking Fintech Service Provider TOP30 <i>01 Caijing</i></p>	<p>2<sup>nd</sup> Vice President Business Unit of China Micro-credit Companies Association <i>China Micro-credit Companies Association</i></p>



11<sup>th</sup> China Golden Tripod Awards-  
Outstanding Fintech Company of the Year  
*National Business Daily*



21<sup>st</sup> Century Asian Financial  
Competitiveness Selection-Annual Stable  
Operation Award  
*21st Century Asian Finance Conference*



2020 Outstanding Competitive Fintech  
Influential Company  
*China Business Journal*



2020 Shanghai Top 100 in Software and  
Information Technology Service Industry  
*Shanghai Municipal Commission of  
Economy and Information Technology*



Boosting Real Economy Award  
Beijing Business Today



Best Risk Control Financial Institution  
Award Guangdong Times Media

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

### **2.2.1 Complaints from Customers**

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 2020, complaints were handled by customer service specialists. Most complaints received by the Group concerned repayment terms and fee amounts. Since the main business of VCREDIT is to provide consumer finance products, the Group hasn't faced product recall for health and safety reasons.

### **2.2.2 Solutions to Complaints**

Most customers' complaints are resolved after explanations and communications from the customer service department. 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. Meanwhile, the Group started to implement the latest version of *User Privacy Policy* in the Year of 2020. 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 types.

In addition, the systems, policies, and rules and regulations 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 customer information. To safeguard customer information, the Group first confirms that the use of customer information and materials have been authorized by the customers in written form, and clarifies the terms of customer information protection and reasonable use of information in its customer agreements. 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.

Although the Group was forced to move most investor meetings in the Year of 2020 online due to the COVID-19 pandemic, the Group still organized and participated in investor relations-related activities many times during the Year of 2020, including annual and interim results conference calls with investors in March 2020 and August 2020, China Corporate Day in April 2020, Asia Insights Forum in September 2020 and Best of Asia Discovery Conference in December 2020.

## 2.6 SUPPLY CHAIN MANAGEMENT

During the Year of 2020, the Group collaborated with 574 suppliers, of which 63.4% are based in East China. The Group complied with the *Administrative Procurement Management Rules*, which clarify the regulations and standards for the selection of all suppliers. According to the *Administrative Procurement Management Rules*, 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. The Group invites suppliers to participate in bidding meetings before purchasing, and selects the most suitable supplier according to the business needs, the service plans and project prices provided by the suppliers. The products and services supplied by the suppliers are not subject to environmental influence. The geographical distribution of suppliers of VCREDIT in the Year of 2020 is shown as follows:

<b>Total number of suppliers</b>	<b>People</b>	<b>574</b>
<b>By region</b>		
East China	%	63.4%
North China	%	15.2%
South China	%	7.7%
South-west China	%	7.1%
Central China	%	3.8%
Other regions*	%	2.8%

\*Note: Other regions include North-east China, North-west China, Hong Kong, Macau and Taiwan

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

During the Year of 2020, the Group complied with the *Anti-Fraud Management Rules*. Their 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 Rules*, and must not engage in corrupt or fraudulent acts that may harm the interests of the Group and its shareholders. The *Anti-Fraud Management Rules* clearly state the definition, supervision department, reporting mechanism, verification, follow-up remediation and penalties of fraudulent or corrupt practices, which effectively helps reduce the likelihood of the occurrence of corrupt or fraudulent practices within the Group. During the Year of 2020, there were no legal cases regarding corrupt or fraudulent practices brought against the Group or its employees. In addition, the Group held an anti-bribery and anti-fraud training for employees in December 2020 to communicate the Group's anti-fraud management system to employees.

During the Year of 2020, 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 2020, the Group complied with the *Anti-Money Laundering and Counter-Terrorist Financing Management Measures*. The Group has established a special agency responsible for anti-money laundering and anti-terrorism financing, and 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 raise the awareness of anti-money laundering and anti-terrorism financing of various departments within the Group. The Company clearly requires all departments to properly keep customer identity information and transaction records, and monitor and analyze all transactions.



## 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, 2020, the employment status of VCREDIT is shown as follows:

<b>Total employment</b>	<b>People</b>	<b>606</b>
<b>By gender</b>		
Male	%	50.2%
Female	%	49.8%
<b>By education background</b>		
Bachelor's degree and above	%	68.2%
Junior college degree	%	28.5%
Vocational school and high school degrees	%	3.1%
Junior high school	%	0.2%
<b>By age</b>		
30 and below	%	59.4%
31-50	%	38.8%
51 and above	%	1.8%
<b>By employment type</b>		
Full-time	%	100%
Part-time	%	0%
<b>By region</b>		
Shanghai	%	66.7%
Other regions	%	33.3%

As of 31 December, 2020, the total number of employees of VCREDIT was 606. Perceived by gender, the overall gender ratio of the Group's in-service employees is nearly 1:1, while the proportion of male was 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. Perceived by employment type, all the employees of VCREDIT were full-time workers, and perceived by region, most of the employees of the Company worked in Shanghai as of 31 December, 2020.

### 3.1.3 Employee Turnover

The employment turnover of VCREDIT in the Year of 2020 is shown as follows:

<b>Total employment turnover rate</b>	<b>%</b>	<b>63.4%</b>
<b>By gender</b>		
Male	%	64.5%
Female	%	62.3%
<b>By age</b>		
30 and below	%	77.2%
31-50	%	45.1%
51 and above	%	0.0%
<b>By region</b>		
Shanghai	%	58.4%
Other regions	%	73.3%

In the Year of 2020, the total employee turnover was 384 and the total turnover rate was 63.4%. The Group's employee turnover in the Year of 2020 mainly came from the customer service and collection department. From the perspective of age group and region, the turnover rates of employees below 30 years old and employees working outside Shanghai were relatively higher.

### 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 salaries 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, paternity leave and breastfeeding 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*. In addition, the Group has set security posts in the workplace and has hired professional security guards to ensure safety in the workplace. 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.

No employee of the Group died from work-related injury in any of the past three years from 2018 to 2020, and there was no lost day due to the work injury.

### **3.4 EMPLOYEE DEVELOPMENT AND TRAINING**

#### **3.4.1 Overview of 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 2020, the Group provided 15 training activities for its employees, which involved a total of 559 employees, and lasted for a total of 73 hours. The training topics included orientation training for new employees, management training, basic skills training, personal soft skills training, and information security education.

### 3.4.2 Trained Employee Status

The trained employee status of VCREDIT in the Year of 2020 is shown as follows:

<b>Total number of trained employees</b>	<b>People</b>	<b>559</b>
<b>By gender</b>		
Male	%	60.8%
Female	%	39.2%
<b>By employee position</b>		
Senior management	%	2.7%
Middle-level management	%	12.9%
General employees	%	84.4%

In the Year of 2020, 559 employees attended the training organized by VCREDIT. Perceived by gender, male employees accounted for 60.8% of the total trained employees. Perceived by employee position, the general employees were the major group that received training.

### 3.4.3 The Average Training Hours Completed Per Employee

The average training hours completed per employee of VCREDIT in the Year of 2020 is shown as follows:

<b>The average training hours completed per employee</b>	<b>Hour</b>	<b>4.9</b>
<b>By gender</b>		
Male	Hour	5.9
Female	Hour	3.8
<b>By employee position</b>		
Senior management	Hour	6.4
Middle-level management	Hour	4.8
General employees	Hour	4.9

In the Year of 2020, each employee received an average of 4.9 hours of training. The average training hours completed per male employee and per female employee reached 5.9 hours and 3.8 hours, respectively. From the perspective of employee, the average training hours completed per general employee reached 4.9 hours, while the average training hours completed by middle-level management and senior management reached 4.8 hours and 6.4 hours, respectively.

### 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 2020, VCREDIT organized a number of such events including:

- **Staff Monthly Meeting Activity**

- Staff monthly meeting activity: the human resources department of VCREDIT organized the staff monthly meeting each month. These events gave employees opportunities to learn from the management about their career experience and latest industry trends, and to gather together to celebrate birthdays for those born in that month, which has not only shortened the formal distance between colleagues, inspired greater ideas, and also made everyone feel surrounded by a familial atmosphere.

- **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 book store visiting. By participating in the activities, employees from different departments and levels were grouped together, which has also greatly promoted communication among employees, and practiced VCREDIT's faith in 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. The Group collects and verifies the personal information of candidates during the recruitment process in order to select suitable candidates. All employees must attain the legal age for work and hold identification documents when onboarding. The human resources department of VCREDIT ensures the abovementioned documents are carefully collected and checked. If any suspected violations are found, the Group also encourages reporting to the management of the Group.

## 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.

<b>Policies and Regulations</b>	<b>Date of Issuance and Issuer</b>	<b>Main Content</b>
<b>Guiding Opinions on Building a Modern Environment Governance System</b> (《關於構建現代環境治理體系的指導意見》)	Promulgated on 3 March, 2020, the State Council	To improve citizens' awareness in environmental protection, guiding citizens to consciously fulfill their environmental protection responsibilities, gradually change outdated living habits, actively carrying out garbage classification, practice green lifestyles, and promote green travel and green consumption.
<b>Environmental Impact Assessment Law of the PRC</b> (《中華人民共和國環境影響評價法》)	Promulgated on 29 December, 2018, the State Council, Standing Committee of the National People's Congress	Aim to implement sustainable development strategies, prevent the adverse impact on the environment due to the implementation of planning and construction projects, and promote the coordinated development of the economy, society and the environment.
<b>Law of the PRC on the Prevention and Control of Atmospheric Pollution (2018 Amendment)</b> (《中華人民共和國大氣污染防治法》, 2018年修訂)	Amended on 26 October, 2018, Standing Committee of the National People's Congress	Aimed at 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	Aim 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	Aimed at 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.
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## 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 2020, the total exhaust gas emissions and the exhaust emission density of VCREDIT were 251.4 kilograms and 9.77 kilograms/RMB 100 million, respectively.

The total emissions and emission density of VCREDIT in the Year of 2020 are shown in the following table:

Exhaust Gas Type	Exhaust Emissions (kg)	Exhaust Emission Density (kg/100 million)
Nitrogen Oxides (NO <sub>x</sub> )	228.9	8.90
Sulfur Oxides (SO <sub>x</sub> )	0.6	0.02
Suspended Particulates (PM)	21.9	0.85
<b>Total</b>	<b>251.4</b>	<b>9.77</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 2020, the greenhouse gases emitted by VCREDIT reached a total of 1,105.3 tonnes of CO<sub>2</sub> equivalent, and the emission density was 39.0 tonnes of CO<sub>2</sub> equivalent/RMB100 million. Among them, direct emissions of greenhouse gases caused by fossil fuel combustion amounted to about 100.6 tonnes of CO<sub>2</sub> equivalent, and indirect emissions of greenhouse gases caused by electricity use was about 1,004.7 tonnes of CO<sub>2</sub> equivalent.

The total amount of the Group's emissions calculated in terms of various dimensions in the Year of 2020 are shown in the following table:

<b>Greenhouse Gas Emissions</b>		
<b>Greenhouse Gases Type</b>	<b>Direct Emission (tonne of CO<sub>2</sub>e) (from the fossil fuel consumption of automobiles)</b>	<b>Indirect Emission (tonne of CO<sub>2</sub>e) (from the electricity consumption of daily office works)</b>
Carbon Dioxide (CO <sub>2</sub> )	88.6	999.8
Methane (CH <sub>4</sub> )	0.2	0.2
Nitrous Oxide (N <sub>2</sub> O)	11.8	4.7
<b>Total</b>	<b>100.6</b>	<b>1,004.7</b>

The GHG emission densities calculated by each dimension in the Year of 2020 are shown in the following table:

<b>Greenhouse Gas Emissions Density</b>		
<b>Greenhouse Gases Type</b>	<b>Direct Emission Density (kg of CO<sub>2</sub>e/RMB100 million) (from the fossil fuel consumption of automobiles)</b>	<b>Indirect Emission Density (kg of CO<sub>2</sub>e/RMB100 million) (from the electricity consumption of daily office works)</b>
Carbon Dioxide (CO <sub>2</sub> )	3,441.6	38,856.1
Methane (CH <sub>4</sub> )	7.7	8.8
Nitrous Oxide (N <sub>2</sub> O)	458.8	184.1
<b>Total</b>	<b>3,908.1</b>	<b>39,049.0</b>

### **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 2020 are shown in the following table:

<b>Waste Type</b>	<b>Unit</b>	
<b>Liquid Waste</b>		
Wastewater	m <sup>3</sup>	0
<b>Non-Hazardous Solid Waste</b>		
Paper consumption	piece	250,000
Others (such as meals, domestic waste, waste newspapers, etc.)	tonne	100
<b>Hazardous Solid Waste</b>		
Waste lead acid batteries	piece	15
Others (e.g. waste organic solution)	kg	0

The waste discharged by VCREDIT in the Year of 2020 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 initiatives, the waste is placed at regular and fixed points. Trash bins are removed from employee workstations. In order to reduce the usage of paper, the Group advocates paperless office and strengthens the sharing of electronic conference materials. This measure has achieved remarkable results in the Year of 2020. Paper consumption has dropped by 10.7% compared with the Year of 2019. It is expected that in the next three years, paper consumption will be reduced by at least 5% every year. In addition, the Group plans to strengthen the collection and processing of waste batteries, end-of-life computers, telephones and other electronic consumables. In the future, the Group will place battery collection boxes in each workplace to collect used batteries on a regular basis, and add work requirements for fixed asset management, aiming to increase the collection of recyclable solid waste by 5% each year.

#### **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 2019, and eliminated heavy-polluting and diesel-polluting vehicle types. In the Year of 2020, VCREDIT required employees to mainly use public transport for business travel and to reduce the use of company vehicles or car-hailing trips. Through these two methods, VCREDIT has stabilised the emission of gas and greenhouse gas emissions from the use of motor vehicles in the Year of 2020.

## 4.2 USE OF RESOURCES

### 4.2.1 Major Energy Consumption Structure

The consumption of various resources by VCREDIT in the Year of 2020 are shown in the following table:

Resources Type	Source of Consumption	Unit	2020
Gasoline	Automobiles	l	37,521.0
Electricity	Daily office works	kwh	1,274,773.0
Natural water	Daily office works	tonnes	6,321.0

The consumption density of various resources by VCREDIT in the Year of 2020 are shown in the following table:

Resources Type	Source of Consumption	Unit	2020
Gasoline	Automobiles	l/RMB1 million	14.58
Electricity	Daily office works	kwh/RMB1 million	495.44
Natural water	Daily office works	tonnes/RMB1 million	2.46

In the Year of 2020, the overall energy consumption of VCREDIT was 555.3 tonnes of standard coal in total; and about 7% of the energy consumption came from gasoline, and the remaining 93% came from electricity. In the Year of 2020, VCREDIT's great efforts on water saving initiatives has resulted in a decrease of 6.1% in water consumption.

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

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

VCREDIT attaches great importance to the efficient usage of energy and resources. The employee handbook clearly states that staff shall ensure that all doors and windows are shut and all taps, lights, and air-conditioners are turned off after work. The Group also carries out themed training on environmental protection for employees and guides them to cultivate habits of energy-saving. The Group has arranged for the administration department to conduct office inspections and turn off lights and TVs in idle rooms in a timely manner. In addition, VCREDIT has implemented a series of water saving measures within the Group, such as reducing the supply of bottled water for reception.

### **4.2.3 Results of Obtaining Suitable Water Source and Enhancing Efficient Usage 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 2020, VCREDIT consumed a total of 6,321.0 tonnes of water from daily office works and the consumption density was 2.46 tonnes/RMB1 million. The water consumption of VCREDIT in the Year of 2020 decreased by 6.1% compared to the Year of 2019. While the Group's business maintained 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.

## **4.4 RELATED ANALYSIS ON COMPANIES' RESPONSE TO CLIMATE CHANGE**

For VCREDIT, major natural disasters such as floods, fires, and earthquakes caused by climate change may have an impact on corporate operations. In order to prevent major losses from the abovementioned disasters, the Group regularly organizes fire drills.

## 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 business concept, VCREDIT always attaches great importance to corporate social responsibility and has turned responsibility into action, making unremitting contributions to social welfare undertakings for decades. 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, for a long time, volunteer teams from VCREDIT provided warmth and love to sick children from Shanghai Zhikangyuan and helped them to participate in normal study life. Additionally, VCREDIT's volunteer teams also take root in the community and actively participate in services to respect and help the elderly in the community. The Group has once been granted the title of charity unit for "Loving and Helping the Elderly" by Caojiadu Subdistrict. In addition, the Group also actively participated in charitable fund-raising activities such as "Aid to Wuhan" initiated by the Shanghai Huaai Charity Foundation to help those in need through their difficulties. 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, forming a warm working environment for the employees.

The following are the Group's major achievements in community investment in the Year of 2020:

#### - Aid to Wuhan-Action to Fight the Epidemic



As a financial technology company with a deep sense of social responsibility, VCREDIT has been paying close attention to the changes in the COVID-19 pandemic.

During the COVID-19 pandemic, it was frequently heard that masks, protective clothing, and other personal protective equipment were in shortage at the front line of Wuhan and other areas. At the critical moment of fighting the pandemic together across China, VCREDIT made the decision immediately and contacted major charity organizations to carry out charitable relief work.

Through the "Aid to Wuhan" initiated by the Shanghai Huaai Charity Foundation, VCREDIT joined forces with the Amity Foundation and other charitable organizations and enterprises. VCREDIT donated enthusiastically, and actively cooperated in mobilizing various resources to purchase a large number of personal protective equipment that was in short supply, such as masks, goggles and protective clothing to support the fight against and prevention of the pandemic in Wuhan.

Under the professional operation of the charity foundation, a large number of protective materials were shipped to Wuhan after inventory, and delivered to local hospitals and communities to provide support to patients and medical staff at the front line.