百融云创

Bairong Inc.

(A Company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)

Stock code: 6608

2020 | Bairong Inc.

2020 Environmental, Social and Governance Report

About this Report

This report is the first environmental, social and governance ("ESG") report released by Bairong Inc. ("Bairong" or "we" or "the Company"), which introduces the specific measures, key practices, highlight cases, and key performance of Bairong Inc. in actively assuming social responsibility and managing its ESG risks and opportunities in 2020.

Report Scope

Reporting entities: Bairong Inc. and its subsidiaries.
Reporting period: From January 1, 2020 to December 31, 2020, with some information covering more than such time period.

Report References

This report is compiled in accordance with the GRI Standards issued by GSSB, and *ESG Reporting Guide* as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. ("Listing Rules"). The disclosure of indicators in this report can be found in the "ESG Reporting Guide Content Index" section.

We have adopted the basic reporting principles of *ESG Reporting Guide* :

- Materiality: This report refers to the evaluation of various stakeholders to identify and respond to material ESG issues that have a real impact on the Company. (Refer to the below ESG Management)
- Quantitative: This report discloses the key performance of the Company in terms of environment, society and governance, and as far as possible, the key performance is accompanied by explanation and purpose statement.
- Balance: The content of this report reflects objective facts, and strives to report the Company's performance impartially.
- Consistency: This report adopts a consistent disclosure method, and tries to use consistent scales for comparable indicators, so as to provide more reference performance disclosure.

Content and Data

The contents and data disclosed in this report are mainly obtained through the following ways:

- The Company's 2020 Annual Report
- Relevant internal summaries and reports
- Information collected through qualitative and quantitative questionnaires based on the report framework

Unless otherwise specified, the monetary amounts included in this report are listed in RMB.

Report Accessibility

Report version: This report is released in both Chinese and English versions.

Access to the report: This report is released in PDF format on the following websites:

- Hong Kong Exchanges and Clearing Limited information release web page (www.hkexnews.hk)
- Company's website (www.brgroup.com)

Report Feedback

If you have any comment or suggestion regarding the content of this report or how we fulfill our social responsibility and management of ESG issues, please feel free to contact us and give us your valuable feedback through the following way:

Email: ir@brgroup.com

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CEO's Message

In 2020, a sudden COVID-19 epidemic took the world by surprise. This unprecedented public health crise has caused significant changes in the global economic trends and industrial structure, which not only profoundly affects how we do business and live, but also further demonstrated the severity and magnitude of potential environmental and social risks. We should take the time to reflect: how to achieve sustainable business growth in a way that also benefits the environment and society, and to achieve the alignment of business value and social value.

Since its founding in 2014, Bairong Inc. has been adhering to the mission of empowering every financial services provider in China with smart and comprehensive data analytics, and keeps focusing on its core business in financial technology. While providing full-cycle financial services and facilitating the digital transformation of financial services, we also attach great importance to fulfill our social responsibility. Implementing the concept of "Technology for Good", we continuously improve our management of environmental, social and governance (ESG) issues, and strive to enhance our positive influence on society, and growth together with employees, customers, communities and other stakeholders.

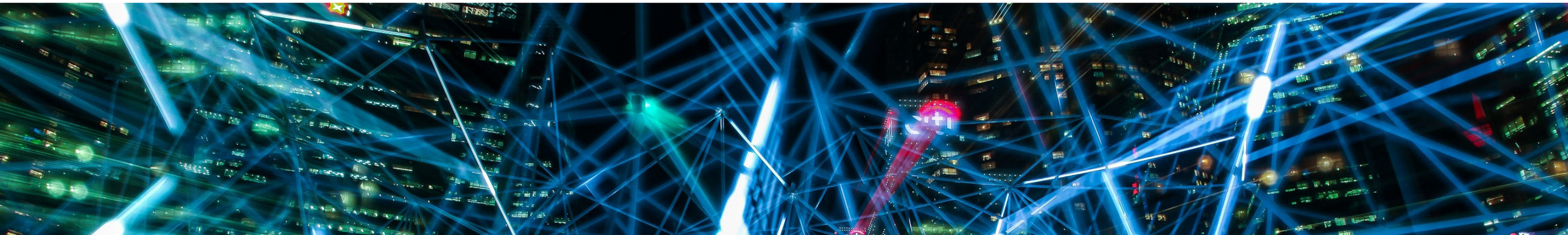
We firmly abide by business ethics and ensure integrity in our business conducts. We are proud of the values of the Company, which are "Faithful, Accountable, Open-minded, Innovative, Practical and Cooperative", and take them as the highest standards for our conducts. We strictly abide by the relevant laws and regulations of regulatory authorities, vigorously optimize our compliance system, take active measures to prevent and fight criminal activities, and work together with our employees and business partners to foster a corporate culture of integrity, striving to win greater trust from stakeholders on both our products and services and our growth.

We diligently innovate on financial technologies to contribute to the establishing of a digital financial ecosystem. We pursue a technology-driven driven strategy and continue to explore the scenarios and applications of cutting-edge technologies, such as artificial intelligence, cloud computing, and blockchain, etc., in the financial field. We have invested more than RMB1 billion in research and development since our inception, and more than 95% of our products have proprietary intellectual property rights. We have provided more than 4,500 financial service providers with a wide range of services such as data analysis and intelligent risk control, etc. Among them, our innovative "industry + technology + finance" supply chain financing model effectively addressed the challenges for the development of supply chain financing, such as insufficient basic data and lack of data interconnection, thereby helping small, medium and micro enterprises upstream and downstream of the industrial chain solve their financing problems. We have also built an intelligent anti-fraud risk control system that can be used to prevent a variety of complex fraud schemes and ensure the security and reliability of digital finance.

We sincerely care for our employees and the communities where we operate. During the initial outbreak of the COVID-19 epidemic around the Chinese New Year in 2020, the frontline communities were suddenly swarmed by a daunting amount of complex epidemic prevention and control tasks. We took prompt actions to launch the "Intelligent Voice Epidemic Prevention" project, and developed the "Intelligent Voice Dialogue Robot" service solutions and gave it for free to government agencies, neighborhood communities, and local disease control centers, helping frontline community workers handle epidemic notification, contact tracing and status check tasks, which has both improved the efficiency of community epidemic prevention and control efforts and greatly eased the workload and health risks of epidemic control personnel. For employees, we have established a "7-2-1" system for employee training and development, encouraging the continuous growth of employees through training and mentoring. We strive to create a diverse, inclusive and dynamic working environment, so that our employees can better focus their energy on career development.

We adamantly pursue green development and make every effort to reduce our environmental footprint. As a financial technology service provider, we actively assist the digital transformation of financial institutions, reduce resource and energy consumption of traditional financial business processes, and actively enhanced our own energy management and environmental management to alleviated the environmental impacts of our operations. For suppliers and data center service providers, we incorporate relevant environmental standards into our procurement standards, working together with upstream and downstream partners to do our best to protect the environment.

Looking forward, Bairong Inc. will continue to deepen the integration of ESG concepts both internally and externally, implement sustainable business practices in a more responsible manner, and work together with shareholders, customers, employees, and communities and other stakeholders to march towards a better s future for all.



About Us

Company Profile

Founded in March 2014, Bairong Inc. is a leading independent artificial intelligence("AI") technology platform in China. As an independent supplier providing financial big data analysis solutions, the Software as a service ("SaaS") cloud platform independently developed by Bairong Inc. makes breakthrough in adopting AI technology, cloud computing, blockchain and big data technology to develop risk scoring algorithm for financial institutions, establish financial analysis and behavior model of consumers, improve decision-making process of financial institutions, raise their risk management ability and improve their efficiency of financial services.

Relying on its excellent AI technology and (big) data analysis ability, Bairong Inc. provides professional services by concluding cooperation with more than 4,500 financial institutions, (including 2,602 paying financial services provider ("FSP") clients) cumulatively in China since our founding, including substantially all of China's national banks, more than 700 regional banks, substantially all of China's consumer finance companies, over 90 major insurance companies and a variety of other FSPs.

Vision and Mission

Our vision is "Becoming Cornerstone of Financial Industry", and our mission is to empower every financial services provider in China with smart and comprehensive data analytics.

Business Overview

We provide comprehensive data and analytical services to FSPs supporting their needs for pre-lending risk management, post-lending monitoring, NPL management and insurance risk management. Our products and services can be integrated with our FSP clients' decision-making process and delivered on a modularised basis, establishing a recurring element to our revenue. Our cloud-based platform offers standardized products that can be connected with FSP clients' systems via application programming interface ("API"), allowing FSP clients' inquiries and information requests to be transmitted and processed in real time. In addition, our data analytics products are developed on a modularised basis as independent modules, such that our FSP clients can subscribe to them individually or in combination. Our FSP clients select these modularised products to address their needs in particular processes, such as identity verification, fraud detection, risk scoring, post lending risk monitoring, or customer upselling and cross-selling. We can also package various modules into customised end-to-end solutions, such as our localised solutions with pre-built model training tools and data analytics capabilities, to FSPs without deep expertise in AI or machine learning.

We provide precision marketing services primarily through Banyan, our proprietary financial product recommendation platform. Banyan is a data driven recommendation platform, connecting consumers with suitable financial products provided by our FSP clients. Banyan also enables our FSP clients to reach and serve their target customers more effectively through our precision marketing capability. Banyan currently focuses on credit products (such as consumer loans) provided by FSPs, including major banks, consumer finance companies, micro-lending companies and online fintech platforms.

We provide insurance distribution services through our Liming technology platform, which provide brokers with data-driven tools and analytics to facilitate efficient and effective insurance sales and customer relationship management. Our AI-powered analytics tools provide brokers with useful metrics to better assess a consumer's protection needs as well as insurance product suitability, and our mobile customer relationship management app Liming Box provides brokers with efficient real-time tracking and management tools for customer relationships, meaningfully improving sales and retention performance.

Recognitions and Awards

Year 2020

- January — Awarded the Third "China Retail Financial Innovation and Practice Award" – Retail Credit Technology Service Award
- February — Included in the "2020 List of Service Providers of Future Banking Technologies"
- April — Became a member of the Technical Risk Control Committee of Beijing Internet Finance Industry Association
- May — Won the Operational Innovation Outstanding Solution Award given by China Banking Association
- May — Awarded the title of "Outstanding Contributor in Epidemic Control" by the Shijingshan District Government of Beijing
- May — Awarded the title of "Beijing Integrity Enterprise"
- July — Granted 18 new computer software intellectual property copyrights
- July — Named as "Beijing Credit AAA Level Enterprise" and "2020 Beijing Integrity Enterprise – System Integration Service Provider"
- November — Included in the list of "Beijing Top 100 Enterprises with Comprehensive Strength in Software and Information Service" for three consecutive years
- December — Included in "the 2020 Global Fintech Innovation TOP 50" list by *CB Insights*
- December — Awarded the title of "Zhongguancun FinTech Top 30"
- December — Awarded the third "Financial Poverty Alleviation Pioneers Award" – Targeted Poverty Alleviation Pioneer Organization Award
- December — Selected to be a member in the first Digital Finance Working Committee of China Internet Society
- December — Included in the "KPMG China Fintech Top 50" list for five consecutive years

Year 2019

- February — Awarded the title of "Zhongguancun High Tech Enterprise"
- April — Voted as Vice President Member of China Association Small and Medium Enterprises
- June — Become a member of the Technological Risk Control Committee of Beijing Internet Finance Industry Association
- July — Selected as the 2019 Beijing Credit Joint Decision-making Consultation Agency
- September — Passed quality management system certification and information security management system certification
- October — Obtained the certificate to be included in the Fintech Case Library of the Institute of Financial Technology of Renmin University
- October — Signed a strategic cooperation agreement with the National Information Center
- November — Became an Executive Director Member of *China Economic Weekly*
- November — Made a featured sharing at the World Bank's International Credit Reporting Committee (ICCR) meeting as the only fintech company from China

Year 2018

- January — Selected as a key project of the National Research Center
- March — Won the Consumer Rights Protection Personal Information Security (2017) Innovation Award
- April — Complete round C financing led by Chinese Sovereign Fund - China Guoxin Fund
- May — Reached a strategic cooperation with Tsing Tsinghua University – People's Bank of China School of Finance
- July — Won the Beijing Outstanding Entrepreneurship Project Award
- August — Signed an agreement with China Postal Savings Bank
- August — Signed a strategic cooperation agreement with the National Information Center
- October — Selected into the first batch of 26 "Pilot List of Comprehensive Credit Service Institutions" by the National Development and Reform Commission

Year 2017

- January Awarded the 2016 Responsible Brand Award
- August Won the title of the 2017 Most Influential Security Enterprises
- September Obtain the certificate of Internet+ Key Credit Certification Enterprise
- Won the title of 2017 China's Top 10 Social Responsibility Model Enterprises
- October Won the title the Most Valuable Risk Control Technology Service Company
- November Won the 2017 Fintech Annual Leading Brand Award
- Zhang Shaofeng, the chief executive officer ("CEO") of Bairong Inc., was named the 2017 New Economy Person of the Year
- Awarded the title of Best Partner of the Year by Everbright Credit Card

Year 2016

- January Passed the National Information System Security Level Protection Level-3 Certification
- April Won the title of National High-Tech Enterprise
- June Complete the B + round financing by CICC, Wu Capital and Hillhouse Capital
- June Won the 2016 Enterprise Innovation Model Award
- September Joined China Internet Finance Association

Year 2015

- June Selected as the New Company of the Quarter – China Internet Financial Innovation Heroes
- July Won the 2015 China Finance Summit Most Growth Value Award
- October Zhang Chaofeng, CEO of Bairong Inc., invited as a special guest of the 12th China International Financial Forum
- Complete round B financing led by Sequoia Capital China

Year 2014

- March The Company was founded at the Shijingshan Financial Industry Base
- October Completed A round financing
- December Approved by the People's Bank of China to have the business license for corporate credit investigation

ESG Strategy

ESG Integration

Adhering to "Make Finance Benefits Common People", Bairong Inc. strives to integrate ESG concepts into its business systems and daily operations, focusing on the four areas of assisting financial digital transformation, supporting employee growth & community development, compliance & business ethics, and reducing environmental footprint. We are committed to continuously implementing responsible business practices, creating sustainable economic, social and environmental values fields, contributing to the realization of the United Nations Sustainable Development Goals (UN SDGs), and growing together with our stakeholders towards a better future for all.

ESG Focus Area

Focus Area	Actions	UN SDGs Support
Assisting financial digital transformation	· Focus on AI research · Explore the frontier of financial technology · Provide full-cycle financial services · Promote the efficient matching of financial supply and demand · Enhance consumers' financial service experience · Ensure the security and reliability of digital finance	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 17 PARTNERSHIPS FOR THE GOALS
Assisting financial digital transformation	· Talent attraction and retention · Optimize employee training system · Equal opportunity and diversity · Employee communication and participation · Support public welfare and volunteering service · Employee care & occupational health	8 DECENT WORK AND ECONOMIC GROWTH 3 GOOD HEALTH AND WELL-BEING 10 REDUCED INEQUALITIES
Assisting financial digital transformation	· Optimize corporate governance · Strengthen comprehensive risk management · Anti-corruption and business ethics · Information security and privacy protection	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Assisting financial digital transformation	· Reduce resource and energy consumption · Green office operation · Green procurement	13 CLIMATE ACTION 7 AFFORDABLE AND CLEAN ENERGY

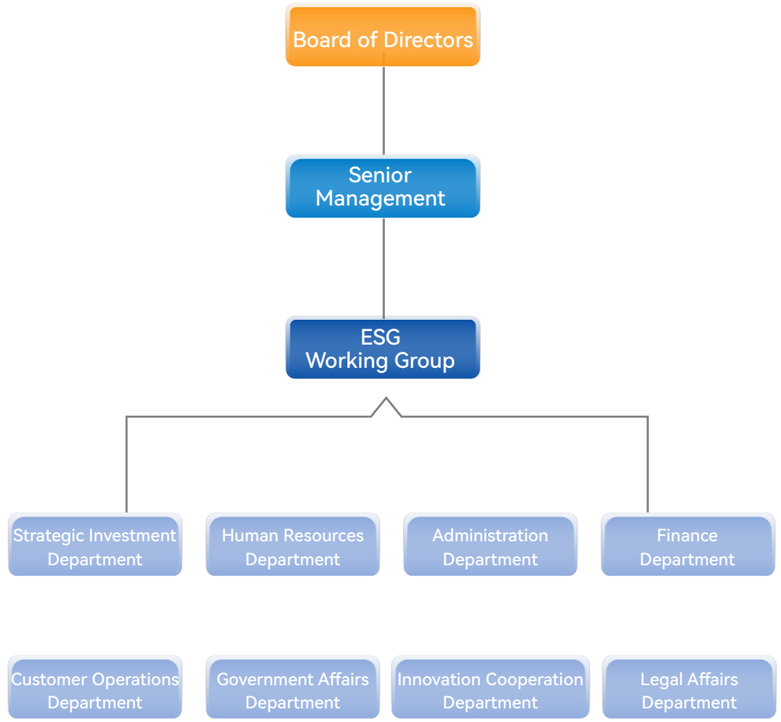
ESG Performance Overview

Dimension	Indicator	Unit	Year 2020
Corporate Governance	Revenue	RMB'000	1,136,532
	Percentage of female directors	%	11.11
	Training coverage of serving directors	%	100
	Number of corruption incidents investigated and dealt with	Case	0
Social	Total number of employees	Person	979
	Percentage of female employees	%	46
	Percentage of male employees	%	54
	Average training time per employee	Hour	65.1
	Turnover rate of all employees (including Beijing, Shanghai and other regions in China)	%	28
	Number of incidents of work-related injury	Case	0
Environmental	Total energy consumption	GJ	4,718.74
	Total water consumption	Cubic meter	695
	Total amount of hazardous waste	Kilogram	37.50
	Total amount of non-hazardous waste	Kilogram	47,000
	Direct GHG emissions (Scope 1)	Tons of CO_2e	0
	Indirect GHG emissions (Scope 2)	Tons of CO_2e	778.20

ESG Management

ESG Governance

Bairong Inc. fully integrates environmental, social and corporate governance issues into its own development strategies and business activities, explores the establishment of an ESG management system, and translates the Company's sustainable development philosophy and commitments to stakeholders into concrete actions. Members of the board of directors (the "Board") and management participate in the review and decision-making of major ESG issues, including the formulation of relevant strategies and guidelines, and special review of the annual ESG report; the establishment of ESG management functions in the senior management, responsible for coordinating ESG-related matters, including the overall planning and collection of ESG related performance information, preparation of ESG reports, dialogue and exchanges with ESG investors, etc.; the Company has also established an ESG working group, composed of key persons in charge of the Strategic Investment Department, Human Resources Department and Administration Department, which is responsible for advancing the specific affairs of ESG work.



Materiality Analysis

In accordance with the principles of materiality, completeness and balance, the Company regularly communicate with its stakeholders to listen to their expectations. Following the evaluation procedures of the GRI Standards, the Company conducted a thorough assessment of issues that have significant impact on the Company and its stakeholders, so as to identify and screen out the material issues for its ESG management.

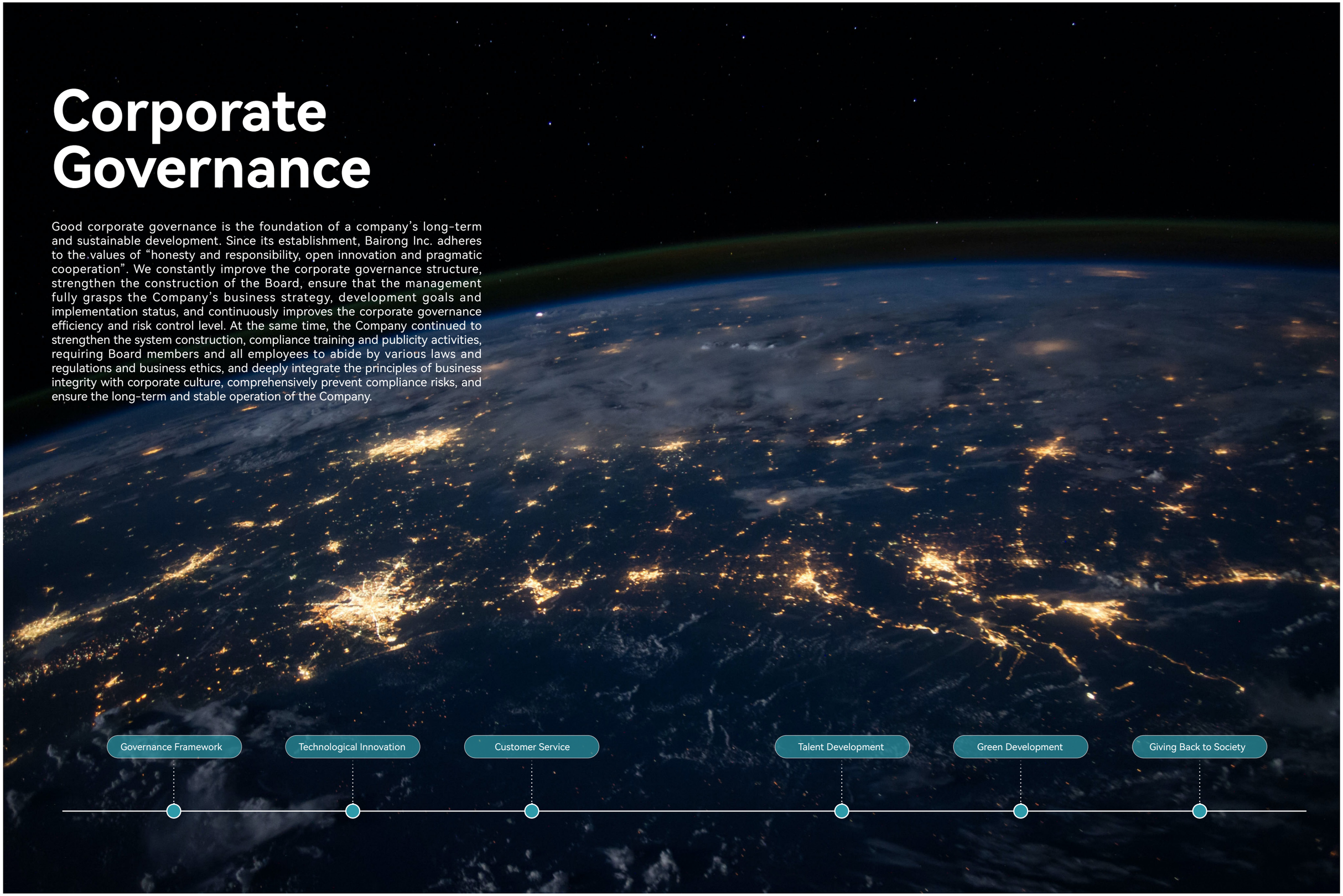
Dimension	Issues
Corporate Governance	Optimizing governance structure, Integrity, Compliance Management, Business ethics, Risk management, ESG management
Environmental	Environmental management system, Energy saving and emission reduction, Waste management, Green office, Green data center
Social	Customer relationship management, Information security, Privacy protection, Inclusive financial services, Responsible procurement, Talent recruitment and training, Employee career development, Employee care, Financial technology and innovation, Supporting public welfare, Occupational health and safety, Employee career development, Supporting community development

Stakeholder Engagement

Stakeholders	Top concerns	Communication channels
Government and Regulator	· Integrity and compliance · Optimize governance structure · Tax compliance	· Government communication meeting · Regulatory exchanges · Information disclosure and reporting · Regular visits
Shareholder	· Steady performance growth · Integrity and compliance · Create outstanding performance	· The Company's annual and interim reportsand announcements · Investor research · Shareholder Meeting · Interactive Q&A
Customer	· Financial technology innovation · Providing quality service · Ensuring information security · Integrity and compliance	· Daily communication and Q&A · Customer service hotline · Customer satisfaction survey
Employee	· Protecting employee rights · Ensuring occupational health · Promoting career development · Salary and benefits growth	· Employee meeting · Employee satisfaction survey · Complaint feedback mailbox · Employee cultural activities
Community	· Providing job opportunities · Promoting community development · Supporting public welfare	· Community visit and exchange · Volunteering activities · Financial knowledge awareness raising
Environment	· Energy conservation and emission reduction · Resource recycling · Green office	· Collection and disclosure of environmental performance data · Promoting environmental awareness
Supplier	· Honest and honest cooperation · Fair and fair transaction · Long-term stable operation	· Benchmark review and evaluation · Promote green supply · Start daily communication

Corporate Governance

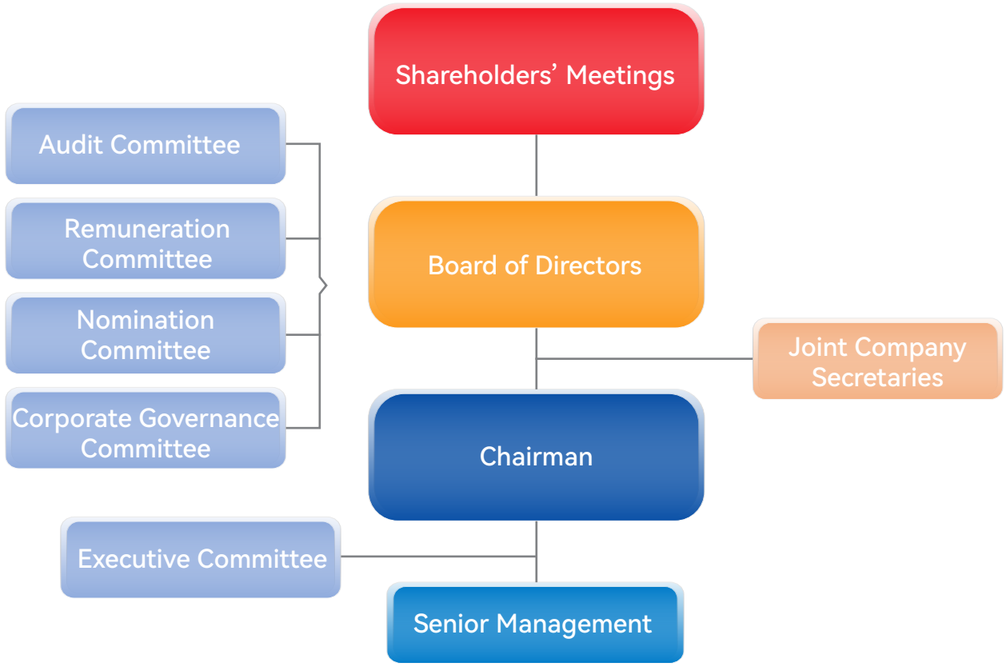
Good corporate governance is the foundation of a company's long-term and sustainable development. Since its establishment, Bairong Inc. adheres to the values of "honesty and responsibility, open innovation and pragmatic cooperation". We constantly improve the corporate governance structure, strengthen the construction of the Board, ensure that the management fully grasps the Company's business strategy, development goals and implementation status, and continuously improves the corporate governance efficiency and risk control level. At the same time, the Company continued to strengthen the system construction, compliance training and publicity activities, requiring Board members and all employees to abide by various laws and regulations and business ethics, and deeply integrate the principles of business integrity with corporate culture, comprehensively prevent compliance risks, and ensure the long-term and stable operation of the Company.

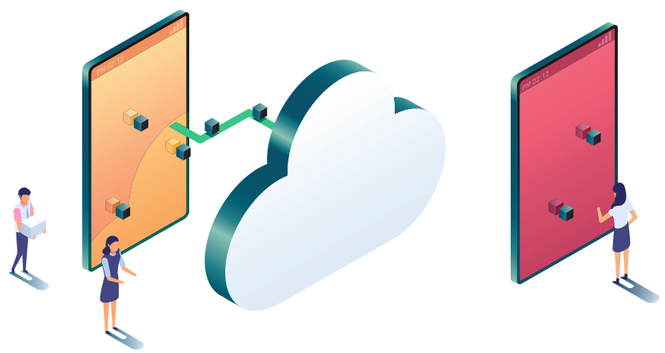


Governance Framework

Bairong Inc. compliance with the Corporate Governance Code, the Corporate Governance Report and the relevant Listing Rules, and has established a sound and standardized corporate governance structure and formed a supervision and restraint mechanism with efficient operation and effective checks and balances. At the same time, relying on professionals from diverse backgrounds and rich experiences, we have built a high-quality Board and the management. We also actively integrated various resources to improve our corporate governance and ensure the efficiency of the Company's operation and management.

The Board is responsible for deciding all major matters, including policy matters, strategy and budget, internal control and risk management, major transactions, financial information, appointment of directors and other major business matters of the Company. The management has been granted the responsibilities of implementing the decisions of the Board, guiding and coordinating the daily operation and management of the Company.



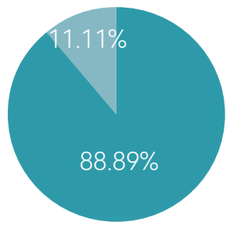


Composition of the Board and Diversity

We have formulated the Board Diversity Policy, which sets out in detail the ways to realize the diversification of the Company's directors. In reviewing and evaluating candidates for director of the Company, we take a variety of factors into account, including but not limited to gender, age, cultural and educational background, professional qualifications, skills and knowledge, and industry experiences. In accordance with the Board Diversity Policy, the nomination committee of the Company will regularly discuss and work together to agree on the objectives of diversification of the board when necessary, and make recommendations to the board on previous adoption.

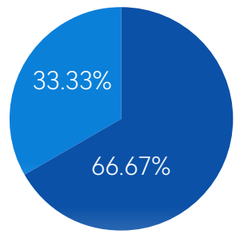
The board members of the Company have diversified backgrounds and rich industry qualifications, including technology, finance, investment, accounting and academic experience. All directors of the Company are equipped with the knowledge, skills, literacy, and skill sets necessary to perform their duties and supervise the management team to make major decisions.

Name	Gender	Age	Title	Education
Zhang Shaofeng	Male	43	Executive Director	Master
Zhao Hongqiang	Male	44	Executive Director	Master
Zhao Jing	Female	42	Executive Director	Master
Bai Linsen	Male	48	Non-executive Director	Master
Ren Xuefeng	Male	41	Non-executive Director	Master
Li Qiang	Male	52	Non-executive Director	Master
Chen Zhiwu	Male	58	Independent non-executive Director	PhD
Zhou Hao	Male	44	Independent non-executive Director	Bachelor
Guo Yike	Male	58	Independent non-executive Director	PhD



Gender of directors

- Male 88.89 %
- Female 11.11 %



Age of directors

- 40-50 years old 66.67 %
- 51-60 years old 33.33 %

Board Independence

By the end of the Company's 2020 Annual Report, the Company has three independent non-executive directors, representing 33.33% of all directors, all of whom are independent. In addition, due to the company's business development and business needs, there are 3 directors in the management positions of the Company. The Board has discussed such appointments as an arrangement that would help align internal leadership and make overall strategic planning more effective and efficient without compromising the balance between authority and licensing rights. (See the Directors' Report of the Company's 2020 Annual Report)

The Articles of Association of the Company regulate the relevant provisions for the Board and require directors not to vote on a motion relating to a contract or arrangement or any other proposed board resolutions involving a significant interest in himself or any of his close associates, except in exceptional circumstances, and not to count the votes.

Board Composition

In order to effectively play the functions of the Board and improve the quality of decision-making of the Board, the Company has set up audit committees, remuneration committees, nomination committees and corporate governance committees under the Board, respectively, to discuss economic, environmental and social issues. The functional committee is chaired by an independent non-executive director, which makes the Committee's decision-making more promising and objective, so as to effectively imply the independent monitoring and ensures that the resolutions and actions of the board are reported and discussed by the board.

Type	Member	Primary Responsibilities
Audit Committee	Zhou Hao (Chairman) Bai Linsen Chen Zhiwu	• To advise the Board on the appointment, renewal and removal of external auditors, and to approve the remuneration and terms of appointment of external auditors; • To review and monitor the independence and objectivity of external auditors and the effectiveness of audit procedures; • Monitor financial statements, annual reports, semi-annual reports, etc. • Review of financial monitoring, risk management and internal control systems; • Review financial and accounting policies and practices.
Remuneration Committee	Chen Zhiwu (Chairman) Bai Linsen Zhou Hao	• The remuneration policies and structures of directors and senior management, as well as formal and transparent procedures for the formulation of remuneration policies, to advise the Board; • Review and approve management's compensation proposals for the Company's policies and objectives.
Nominating Committee	Zhou Hao (Chairman) Zhang Shaofeng Guo Yike	• Review the structure, number and composition of the Board (including skills, knowledge and experience) and recommend any proposed changes to the Board; • To establish criteria for identifying and evaluating the qualifications of directors and assessing candidates; • Develop a diversity policy for board members and disclose it in relevant reports.
Corporate Governance Committee	Chen Zhiwu (Chairman) Zhou Hao Guo Yike	• To formulate, review and evaluate corporate governance policies; • Review and monitor the training and continuing professional development of directors and senior management; • Review and monitor policies and practices for compliance with laws and regulatory requirements.

Nomination and Selection of Directors

The Company has formulated a Director Nomination Policy to ensure that the selection process for all directors is justice, open and in strive in accordance with the Articles of Association of the Company and related governance provisions. The Board nominates a comprehensive consideration of the Company's business characteristics and future development strategy, medium- and long-term planning of the board structure and diversified allocation, the development of detailed basic conditions for director selection, professional knowledge skills and overall ability.

The Director Selection Process

- Adopt a system of nomination of candidates.
- Nominated by the Nomination Committee.
- Assess the independence of independent non-executive directors.

- The directors elected at the general meeting shall vote at poll.
- Take the proxy of a shareholder's in-person on-site vote or a vote at the general meeting through the appointment of representatives.

Nomination of directors → List review → Votes at the general meeting → Performance duties and evaluation

- The list was considered and adopted by the Board.
- Meets diversity criteria such as gender, age, culture and nationality.
- Have a good reputation for character, professional qualifications and skills, related achievements and experience.

- Prepare a working manual for the Board for the director's reference.
- Regularly arrange special training courses for the Board to enhance the ability of directors to perform their duties.
- The Board, the Board committee members and the Directors are subjected to regular performance evaluations each year.

Director Training

In order to enhance the effectiveness of corporate governance, the Company has a great importance to the professional development of the Board, combined with regulatory policy development and changes, the comprehensive use of on-site training, remote training, reading materials and other ways to provide training and learning opportunities for directors. By the end of 2020, the training coverage of serving directors is 100%.

Management Compensation Performance

The Board have a Remuneration Committee composed of three non-executive directors. In addition to providing the Remuneration Policy and its recommendations process to the Board, the remuneration committee will consider the reasonableness of the correlation between the comparable company's remuneration level, responsibilities and duration of service, the Company's operating performance and future risks, regularly review the remuneration systems and standards of directors, and submit them to the Board for consideration.

Risk Management

On July 20, 2020, the Company signed the Comprehensive Risk Management Measures by the Chairman of the Board as a key document for risk management, defining the organization, institutional process and methodological techniques of risk management. In the daily work, the Company will closely combine risk management with different type of work, fully integrate the requirements of risk management into the Company's management and business processes, and jointly serve the Company's overall business goals.

Risk Management Mechanisms

On July 20, 2020, the Company signed the Comprehensive Risk Management Measures by the Chairman of the Board of Directors as a key document for risk management, defining the organization, institutional processes and methodological techniques of risk management. In the daily work, the Company will closely combine risk management with different type of work , fully integrate the requirements of risk management into the Company's management and business processes, and jointly serve the Company's overall business goals.

Management Goals

Risk Management Goals

- To ensure that risk is controlled within the scope of the Company's overall business development goals and affordable, to promote the Company to achieve strategic objectives;
- To ensure that the Company achieves true, reliable and effective communication of information, both internally and externally;
- To ensure compliance with relevant laws and regulations, the implementation of the corresponding social responsibilities;
- To ensure the effectiveness of business management, improve the efficiency and effectiveness of business activities;
- Ensure that the Company has a crisis management plan in place to address all major risks and protect the Company from significant losses due to catastrophic risks or human error.

Organizational System

Chairman

Responsible for the effectiveness of comprehensive risk management efforts, including: setting the overall objectives of corporate risk management, determining the Company's overall risk appetite and risk tolerance, and validating the Company's risk assessment results and response plans for major matters.

Legal Department

Organizing all departments to carry out the supervision and evaluation of comprehensive risk management, issue a comprehensive risk supervision and evaluation report, and report to the management of the Company.

Risk Management Process

Risk Identification and Classification

Regularly review the Company's important business activities and risks in management and business processes to identify the risks associated with the achievement of objectives. The main risks to the Company fall into five broad categories:

- Strategic risk
- Financial risk
- Market risk
- Operational risk
- Compliance risk

Regularly collect company risk information, forming a risk list by classification and analysis.

Risk Assessment

The Legal Department organizes relevant departments to establish standards, procedures and methods for risk assessment, formulates company risk assessment plans, and organizes and coordinates and directs departments to carry out risk assessment work.

Take a qualitative, quantitative or combined approach to assess the likelihood and extent of the risk and impact, identifying significant risks.

Risk Response

According to the different attributes of risk classification, the corresponding risk response measures are taken to allocate the human and financial resources required for risk management.

- Risk aversion
- Risk reduction
- Risk transfer
- Risk tolerance

We take on-site interviews, questionnaires, and voucher spot checks etc. to make sure departments are taking measures to response risks.

Risk Monitoring and Reporting

Organizing all departments to carry out comprehensive risk management work, systematically summarizing the Company's risk management work and effectiveness, analyzing the risk situation, propose corresponding risk management work recommendations, reviewed by the Company's management.

The Legal Department timely urge the relevant departments to carry out rectification that confirmed by the Company's management.

Risk Culture Construction

The Company is committed to the establishment of a risk-conscious corporate culture, through various forms of training and advocacy activities, to promote all staff to establish the awareness and concept of risk is everywhere, risk and opportunity coexist, post risk management responsibility, effectively promote the Company's risk management standards, staff risk management quality, to ensure the realization of the Company's risk management objectives.

At the same time, the Company has established a pre-service risk management training system for managers and business operators of important management and business processes and risk control points, adopted various ways and means to strengthen the training of risk management concepts, knowledge, processes, methods and other content, training risk management professionals, and fostering risk management culture.

Emerging Risk Management

In 2020, the public health crisis caused by the Coronavirus pandemic (COVID-19) has further increased the importance that all sectors of society attach to environmental and social risks. Extreme weather, human environmental damage, infectious diseases and internet security are among the top 10 global risks, according to the World Economic Forum's Global Risk Report 2021. In this regard, in order to strengthen the control and response of emerging risks, the Company has set up a new risk identification and management process, combined with documents published by domestic and foreign institutions, the development of assessment forms, active identification and analysis of various emerging risks, and the development of appropriate risk mitigation strategies.

Focus on Emerging Risks and Mitigation Measures

The Type of Risk	Risk Description	Potential Impact or Impact	Responses
• Climatic Change	• Extreme weather events pose a significant hazard to property, infrastructure and personal health.	• Climate disasters have disrupted services at company operating terminals, such as rental data centers, as a result of the disaster.	• For the information center, the service provider establishes the emergency power supply and disaster preparedness mechanism. Pay close attention to weather warnings at the site of operations and take precautions in case of severe weather.
• Public Health	• The spread of infectious diseases such as COVID-19 can lead to impaired or isolated employees' health. • The suspension of work due to the outbreak resulted in the failure of the contract to perform on time and the risk of credit.	• Business disruption due to employee isolation or outbreak prevention and control requirements. • Losses resulting from the cancellation or early termination of contracts as a result of the outbreak.	• Set up an outbreak prevention and control team to pay attention to the development trend of the epidemic, and develop notification mechanisms and related protective measures. • Develop a business continuity plan, adopt flexible office and ensure business operations. • Negotiate delivery or payment extensions with customers in advance to keep the financial performance safe.
• Network Security	• Cyberattacks against the financial and Internet industries are on the rise and Internet hackers are trying to gain access to stolen or tampered with information with novel methods and exploiting system weaknesses, and are hard to trace sources. • For financial consumers, criminals fabricate false information by telephone, Internet and text message, set up scams, carry out remote, contactless fraud against victims, and illegally embezzle other people's property.	• If successfully attacked by cyber-hackers using either method, it could damage the rights and interests of customers and cause damage to the Company's reputation and a warning of penalties from the competent authorities. • Increase the Company's anti-fraud system business volume and prevention and control test.	• Develop contingency plans for network and information security incidents, and strengthen monitoring and early warning of network and information security incidents. • Continuously optimize the intelligent risk management system, and work with financial institutions to improve the detection rate of prior fraud, fraud response efficiency and ex post fraud case mining efficiency.

Compliance Operating

Bairong Inc. acts in strict compliance with provisions and requirements laid out in *the Company Law of the People's Republic of China* and other laws, regulations and normative documents, and passes *Compliance Risk Management Measures*, prioritizing legal and compliance operating. By establishing and improving the compliance management mechanism and system, we realize efficient identifications in risk management and ensure the operating management and performance in accordance with laws, regulations and standards.

Principles of Compliance Management

Comprehensiveness

The compliance management covers all business, departments and all employees in Bairong Inc., including decision-making, executive, supervision, feedback and other processes. It can be reflected in the decision-making mechanism, internal control and business process.

Activeness

The Company escalates its attentions to support compliance management and the execute compliance mechanism, and actively recognize potential risks, so that feasible and effective actions can be taken to improve operation management and business. When employees discover any behavior that violate laws and regulations or have compliance risks, we will report to the responsible person who is in charge.

Independence

The compliance officers and the compliance department is independent. Shareholders, directors, and senior managers of the Company will not directly give instructions or interfere in their work in violation of their prescribed duties and procedures. The directors, supervisors, senior managers and all departments of the Company support and cooperate with the compliance chief and compliance department in their work, and should not restrict their performance of duties for any reason.

Effectiveness

The board, supervision committee and the management strictly abide by and promote the effective implementation of the relevant regulations of compliance management among all staffs. Any acts and personnel that violate the relevant compliance management systems will be subjected to the accountability.

Compliance Management System

Management	Review and approve the Company's compliance policies, basic systems and compliance risk management reports. Evaluate the effectiveness of the compliance management, and urge to solve the problems involved. Appoint and assess relevant compliance management personnel, and establish a direct communication mechanism with the responsible person.
Chief Financial Officer	Guide the legal department to improve the management structure and comply with the Company's compliance management procedures. Implement compliance policies, and to ensure the violations are reported, rectified and charged on time. Ensure the authenticity of materials submitted by the Company to regulatory authorities and self-regulatory organizations.
Compliance Officer	Formulate the basic compliance management system and other compliance management systems of the Company. Organize compliance review of company rules and regulations, major decisions, new products, and new business plans. Organize compliance training and provide compliance consultation. Timely report any found violations of laws and regulations or potential compliance risks. Supervise the handling of complaints and reports against illegal activities.
Compliance Management Department	According to laws, regulations and standards, draft compliance management regulation. Dynamic supervise and timely assess its impact on compliance management. Carry out various forms of compliance training and enhance compliance awareness. Prepare and submit compliance reports. Assess compliance risk, review, inspect, and manage conflict of interests management.

Ethic of Business

Bairong Inc. has principle of integrity and honesty in place to support the core management of the organization. It requires every director, management and employee take themselves as an example and practice the principles of integrity, honesty and hard-working. Meanwhile, Bairong Inc. strives to promote the management mechanisms, strictly investigates cases to eliminate corruption and establish their integrity and openness with respect to stakeholders.

Principle of Integrity and Honesty

- Provide feedback that comprehensively reflects the situation, and insist on using facts and data to express and test opinions
- Communicate face to face, and refuse to spread unconfirmed news
- Practice what you preach. If it cannot be done because of objective conditions, we are not afraid to admit
- No corruption
- Not affected by interests and pressure
- No bureaucracy, no politics

Anti-corruption and Commercial Bribery

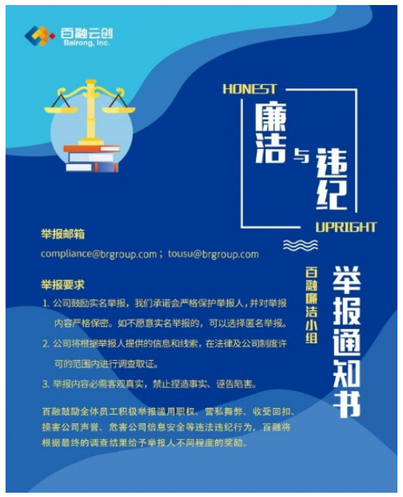
Bairong Inc. adheres to the principle of good faith management, strictly abides by the Law of the People's Republic of China on Anti-Unfair Competition and other national laws and regulations, and is committed to creating a good working atmosphere of integrity, entrepreneurship, and compliance with laws and regulations. In order to prevent corruption incidents, Bairong Inc. established an effective anti-corruption and anti-commercial bribery management system. It warns the behavior of embezzlement and bribery as the most detrimental act. The legal department establishes compliance monitoring mechanism to comprehensively identify possible risk points in business scenarios, formulate corresponding control strategies for key areas with corruption risks, and implement them in business activities and processes. At the same time, Bairong Inc. actively carry out compliance review and inspection relating to anti-corruption and commercial bribery, and timely investigate, report and deal with relevant corruption risks in the form of regular or irregular inspection.

In 2020, the Company did not have any corruption case.

Supervision and Whistleblowing

The "Bairong Integrity Group", composed of relevant leaders from the Human Resources Department, the Legal Department and the Finance Department, is responsible for handling the whistleblowing acceptance and investigation of violations under the integrity and compliance system. "Bairong Integrity Group" independently exercises the power of investigation and has the power to interview any employee. No department or individual is allowed to interfere, restrict, refuse or obstruct the investigation. The departments and individuals under investigation shall be responsible for the authenticity of the materials provided. The "Bairong Integrity Group" will maintain strict confidence in all information providers and the information provided.

To encourage employees to whistleblowing violations and dishonest behaviors, Bairong Inc. has set up an email communication channel (email: compliance@brgroup.com; tousu@brgroup.com). To avoid unfair retaliation and treatment, Bairong Inc. intends to fully protect employees who whistleblowing violations or assist in the investigation process.



Integrity and Disciplinary Whistleblowing Notice

Suppliers Management

Bairong Inc. promulgated the "Procurement Management System" in accordance with the relevant laws and regulations and the internal requirements to strengthen and standardize the procurement management. It ensures that the products or services purchased meet the safe, reliable, economic and reasonable requirements, and promotes the standardized operation and sustainable development of business. Bairong Inc. collaborates with suppliers for accessing generalized products and services, and other daily procurement and proprietary resources. It stipulates the declaration process, supplier selection standards, supplier screening mechanism and supervision methods required for procurement.

Bairong Inc. strictly selects supplier accordance with the supplier management system, to ensure a transparent and compliant procurement process. Meanwhile, it pays close attention to suppliers' compliance, environmental and social performance, and encourages suppliers to actively fulfill their social responsibilities.

Requirements of Suppliers Selection:

- A lawfully established enterprise legal person;
- Corresponding qualification, license, authorization, and able to provide corresponding goods and services;
- Complies with the registered capital required for the purchased goods;
- Certified by the state and departments about the products' quality, safety, environmental protection;
- A good business reputation, and no illegal record in the recent three years of business;
- A high-quality assurance system, and no disqualification record in the past three years under the state, industry and local government quality supervision and inspection; and
- Meet other conditions required by the Company.

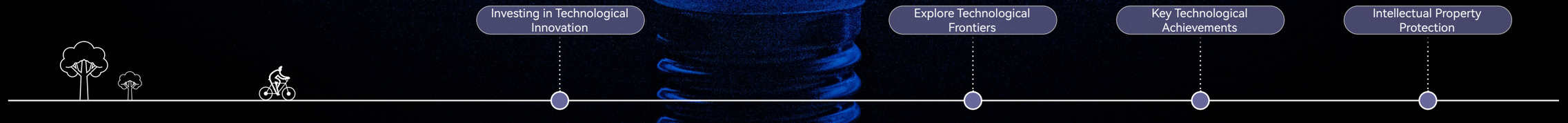
Indicator	Unit	Year 2020
Number of suppliers *	-	468
Number of suppliers from Beijing * (ranked the most)	-	242
Number of suppliers from Shanghai * (ranked the second most)	-	56
Number of suppliers from Shenzhen * (ranked the third most)	-	30

* Unless otherwise specified, the scope of the 2020 environmental data included in this report came from our facilities in Beijing

Technological Innovation

The Government Work Report and the Report of the 19th National Congress of CPC mentioned artificial intelligence for the first time in 2017 as a strategic priority. The *FinTech Development Plan (2019-2021)* specifies that the financial industry should fully tap the potentials of fintech to enable the high-quality development of China's financial industry.

Adhering to this policy trend, Bairong Inc. strives to promote technological innovation to create an open, diverse, and shared technology application platform for financial innovation, building the infrastructure for the digitalization and intelligentization of the financial industry and supporting financial digital transformation with technology.

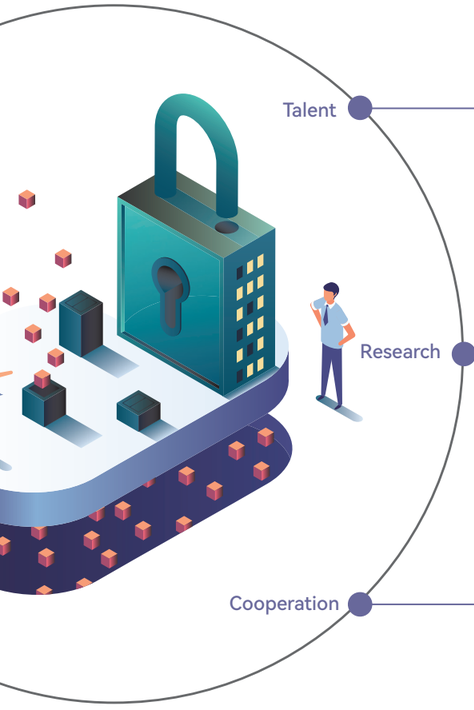


Investing in Technological Innovation

Bairong Inc. continuously focuses on independent innovation and upgrades its technology in practical application to better serve the evolving needs of financial businesses. With the "industry + technology + finance" ecosystem, we are able to provide fintech solutions for various industry scenarios, build a two-way interactive bridge between capital and assets to realize the accurate matching of supply and demand of inclusive finance players, facilitating with the optimization and upgrading of industries and supporting development of the real economy.

The AI Finance Lab

As a financial technology application platform dedicated to developing AI technology to support the digital innovation and transformation of financial institutions, we took the lead in establishing an AI Finance Lab in March 2018 to explore ways to enable finance with technology. In 2020, the Lab successfully developed the "Baixiaorong" intelligent outbound call making robot, and the "Baixiaoyu" automatic machine learning platform based on mature technology after continuous optimization. The Lab had also developed a series of products in core technological fields of intelligent voice interaction, natural language processing and understanding, image recognition, federated machine learning, etc., making concrete achievements in helping financial institutions to improve efficiency, reduce costs, and improve customer experience.



Talent

- Talent means the future of AI. Led by top scientists in the field, the Lab keeps recruiting elite scholars at home and abroad to build a powerful R&D engine.
- To further improve its technological R&D capabilities, we engaged in in-depth cooperation with top academic institutions in China, including the Chinese Academy of Sciences, the Research Institute of the People's University, the Tsinghua-People's Bank of China School of Finance, etc., in the fields of computational voice, NLP, deep learning technology, etc.

Research

- The Lab has established four core R&D teams focusing on intelligent voice interaction, natural language processing and understanding, image recognition, and machine learning respectively. Its research has already resulted in a number of patented technologies. The first- generation end-to-end speech synthesis system that independently developed by the Lab marked an advanced progress in AI development with a 95% similarity with human voice.

Cooperation

- With its outstanding technological advantages, we have developed various partnerships in the field of anti-fraud, joint modeling, precision marketing, small enterprise risk hologram, etc. to develop intelligent and automated online risk control solutions, forming a nation-wide inclusive financial research ecosystem.

In the future, the Bairong Inc.'s AI Finance Lab will continue to focus on exploring the application of AI in financial scenarios. Adhering to the values of "Integrity and responsibility, openness and innovation, and pragmatic cooperation", we strive to build a highly efficient nation-wide inclusive financial research ecosystem covering the full life-cycle of technology products from basic research, technological innovation, to the final utilization and application of technologies.

The Financial Big Data Research Center

Bairong Inc. and the Tsinghua-People's Bank of China School of Finance (Tsinghua PBCSF) jointly established the Financial Big Data Research Center. Focusing on the integrated development of three different fields of finance, computer technology and data technology, the Research Center strives to become a first-class global financial big data research collaboration platform to enable finance to be more intelligent and inclusive.

In March 2020, we worked together with the Research Center and jointly released a research report, *the Chinese Economy During the COVID-19 Pandemic*. The report compares the current pandemic with the SARS epidemic in 2003, including the stages both epidemic evolved over time, and makes predictions on when the pandemic will be brought under control completely, and the impact of the pandemic on the macro economy, providing policy-making reference regarding epidemic control and macro-economic development.

Explore Technological Frontiers

Bairong Inc. is committed to becoming a leader in developing core technology and cultivating technological products for specific financial scenarios. With the evolution of business needs of financial institutions, we continue to expand our product portfolio and have developed the intelligent risk control system based on machine learning, natural language processing, knowledge graph and other technologies, providing the solutions for a variety of financial scenarios, including pre-loan risk control, loan monitoring, post-loan management , revenue scoring, precision marketing, etc.

The ORCA Automatic Machine Learning Platform

Machine learning system is an indispensable tool to explore the industry application of AI. Regarding the shortage of AI talent and the difficulty in AI application development, we established the ORCA Automatic Machine Learning Platform to use our technological advantages and industry expertise to provide solutions for specific financial scenarios. With a capacity of running hundreds of millions of model calculation daily, the platform provides support for data analysis, precision marketing and all other business processes that requires modeling, generating significant efficiency gains in the modeling analysis of financial institutions.

ORCA can achieve "one-stop" automatic machine learning by integrating algorithm principles and practical engineering experience. It can provide full-process modeling from data preparation, model development and training, model evaluation, to model deployment. With a general machine learning framework, ORCA can provide more than 200 operands to solve the complex data situation of various financial scenarios, increasing the model speed by three times and reducing the length of the modeling-to-deployment cycle by 50%.

Reducing the length of the modeling-to-deployment cycle by

50 %

Intelligent Customer Service System

Powered by new infrastructure development such as 5G, AI and big data technologies, remote banking has become the new normal of the customer service center transformation of banks. The Company is committed to the research of intelligent marketing and intelligent customer service solutions to help financial institutions reduce costs and improve efficiency.

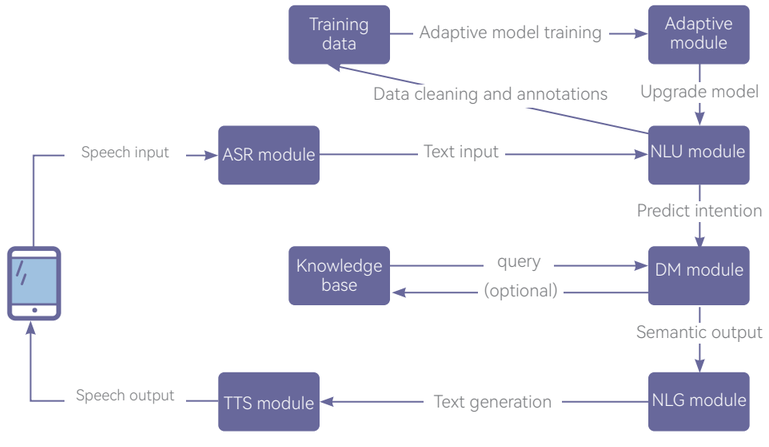
The Intelligent Customer Service system is composed of business systems and a bottom technology platform. At the business level, there are three modules: intelligent outbound call, intelligent reception and intelligent quality inspection, which manage the script process, knowledge base, line, customer volume label, voice database, outbound call strategy, reception strategy and quality inspection rules for each scenario respectively. The bottom technology platform is based on the management and iteration of intelligent speech technology, including speech recognition rules and models, semantic understanding rules and models, text to speech technology, speech resource database, etc.

The accuracy rate of automatic speech recognition (ASR) and natural language processing (NLP) are both over

90%

Bottom Technologies of the Intelligent Customer Service System

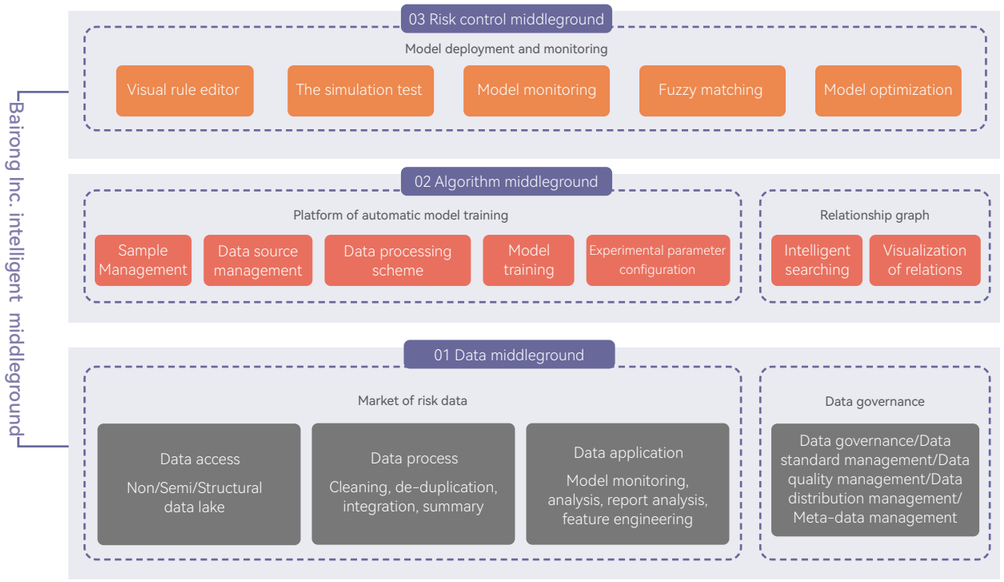
Automatic speech recognition（ASR）	Using automatic recognition training methods for speech modeling to allow better speech recognition performance in a complex application scenarios.
Natural language processing（NLP）	NLP technology helps the product to correctly understands what people want to express and gives reasonable feedback in the context of the huge and complex Chinese language system.
Text to speech (TTS)	Integrating text analysis at the front-end and acoustic modeling, vocoder and other technologies at the back-end parts, the TTS technology can generate in a real-time multichannel synthetic speech based on the long text, which is fluent, clear, natural and expressive, has proper punctuation and supports a variety of clear and natural voice options.



The Intelligent Risk Control Middle Platform

As key AI technologies being increasingly applied in the financial field, it has become an industry consensus that the next thing will be the full-scale intelligentization of the financial industry focusing on risk control, marketing, customer service and operation needs of the industry. The Company provides a full range of technology empowerment solutions, such as risk control empowerment solutions and marketing empowerment solutions, to help banks and other traditional financial institutions to achieve digitalized innovation and transformation. We focus on the intelligent middle platform strategy to accelerate the intelligentization transformation process of financial institutions.

Application Middle Platform	Model training platform	• We independently developed the AutoML model training platform (automatic machine learning platform) to reduce the requirements for algorithm application and risk control experience, allowing ordinary business personnel to quickly participate in the development of risk control models.
	Decision-making engine	• Loan lifecycle risk control, covering pre-lending, lending and post-lending risk control. • Pre-lending: real-time automatic approval of loan customers; Lending: early warning and handling of customers with default risk; Post-lending: implement rational and effective management of overdue customers.
	Relationship graph	• Constructing people-to-people or people-attributes relationship graph with AI and mapping computing technologies, which is used to identify hidden relationship, understand the financial needs of potential customers, and screen out potential risks from the relationship.
	Attribute derivative platform	• Derivative platform is used to construct various financial scenarios, such as risk control, marketing, anti-fraud, pricing, investing, etc., with machine learning technology.
Data Middle Platform	Data mart	• Data mart integrates data for agile development, and can be used to do data service, model service and report analysis with data aggregation, processing and cleaning, and data analysis.
	BI analysis	• BI analysis opens up all aspects of the data life cycle. With preset data set, it provides a variety of analytical tools, such as intelligent recommendation, intelligent Q&A, and intelligent search, etc., that allows for one-stop exploratory analysis for various scenarios.



Key Technological Achievement

With the increasingly deeper integration of finance and technology, technological innovation continues to power the engine for the development of the financial services industry. Bairong Inc. maintains its focus on technological research and development to promote the application of technological innovation in the financial industry. Since 2020, the Company has obtained 18 intellectual property rights, including data insight, federated machine learning, risk control cloud platform, BI analysis and model monitoring etc. Owning a total of nearly 100 intellectual property rights, we strive to continue to play a leading role in promoting the technological innovation of fintech companies as well as financial institutions.

Computer Software Copyright Registration Certificates

We independently developed the first-generation end-to-end text-to-speech system based on advanced deep learning technology. The system has realized human-computer interaction by converting text into natural and smooth voice in real-time with nearly 100% similarity to the real human voice.

Intelligent voice interaction

The dialogue system was independently developed by using traditional natural language processing technology and deep neural network algorithms based on in-depth research on spoken language rules and summarized semantic categories. It can understand spoken language semantics in real-time and realize smooth human-machine interaction with improved user experience.

Natural language processing and understanding

Both of the text-to-speech system and the dialogue system have been used in the intelligent call making robot "Baixiaorong". Compared with traditional robots that can only limit to outgoing calls, "Baixiaorong" can support multi-round accurate Q&A interaction by integrating the automatic speech recognition (ASR) technology, natural language processing (NLP) technology, text-to-speech (TTS) technology, the intelligent voice active detection (VAD) technology, and the vast knowledge graph of the Company. Its application in intelligent marketing and intelligent customer service can result in immediate cost savings and efficiency gains for financial institutions.

Intelligent Audio Robot "Baixiaorong"

Intellectual Property Protection

As a knowledge-driven enterprise, we prioritize intellectual property protection on our agenda. In compliance with relevant laws and regulations, including but not limited to the *Trademark Law of the People's Republic of China*, the *Patent Law of the People 's Republic China*, *Copyright Law of the People 's Republic China* and the *Anti-Unfair Competition Law of the People's Republic of China*. We established the Bairong Inc. Intellectual Property Management Policy, including the Patent Management Policy, Trademark Management Policy and Software Copyright Management Policyand so on, to effectively manage intellectual property. We properly record work relating to intellectual property; identify the attribution of results of intellectual property creation activities; implement the confidentiality, protection and commitment systems of intellectual property, to safeguard our legitimate rights and interests in intangible assets.

Customer Service

Bairong Inc. is committed to serving both ends of the financial industry through the empowerment of technology: becoming an engine driving the innovation and development of financial institutions at the supply side, and helping consumers and small businesses get greater access to financial services. The Company continuously intensifies product and service innovation by leveraging its expertise in AI, big data and other technologies, to increase the flexibility of its products and services and support the digital transformation of the financial services industry by assisting banks and other financial institutions to provide consumers with both better financial services and better service experience. Meanwhile, the Company is also committed to strengthening the security of digital finance and contributing to the development of a healthy digital financial ecosystem.

- Providing Full-cycle Cloud Services
- Building an Innovation Ecosystem with the Financial Industry
- Enhancing Consumer Financial Experience
- Ensuring the Security of Digital Finance

Providing Full-cycle Cloud Services

Addressing a variety of needs and supporting full-cycle financial business processes, full-cycle financial service is a powerful enabling factor behind the digital development of financial institutions. Bairong Inc. provides financial institutions with comprehensive services, including a comprehensive service system and a positive feedback mechanism, which help financial institutions improve customer experiences and reduce operating costs.

Building a Comprehensive Service System

The Company provides financial institutions with full life-cycle intelligent risk management and KYC based precision marketing solutions with products and services based on its proprietary cloud SaaS platform, including front-end marketing and customer acquisition, pre-lending fraud prevention, dynamic early warning during lending, and post-lending full process services. The Company integrates strategic foresight into its comprehensive service system to provide customers with comprehensive financial services that help them drive their business growth.

Full-cycle Cloud Services Provided by Bairong Inc.

Data analytics

- Provide comprehensive data analytics services to support the needs of pre-lending risk management, post-lending monitoring, NPL management and insurance risk management.
- The cloud-based platform is integrated into the decision-making process of financial institutions, who can access the system through API in a modular way to process inquiries and analysis requests in real-time.

Precision marketing

- Support efficient client acquisition with targeted marketing.
- Identify and eliminate clients with low fraud risk ratings through real-time analysis of user quality based on specific volume label from third-party traffic platforms.
- Ensure accurate product matching and recommendation through the analysis of product application data submitted by users, and risk prediction and user preference modeling of financial institutions.

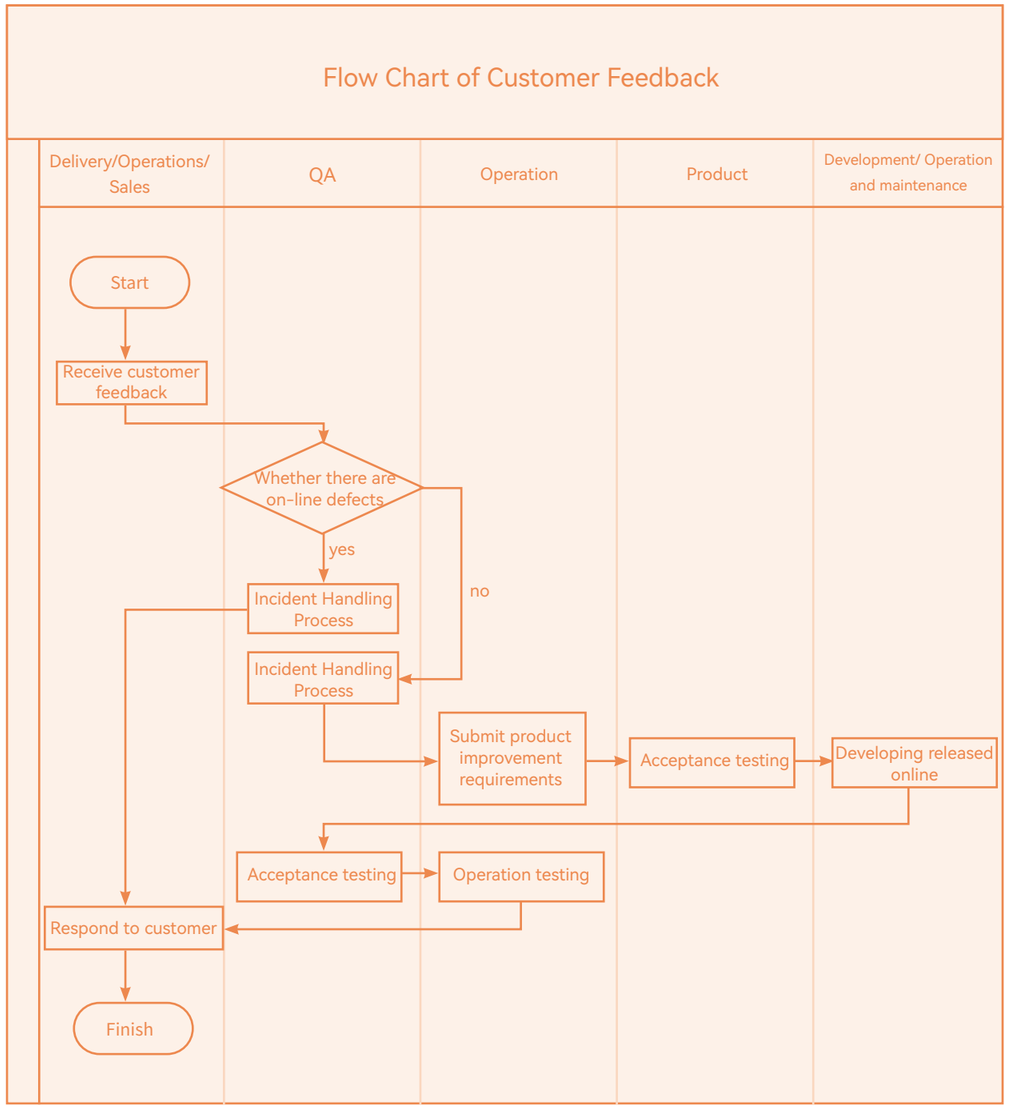
Insurance distribution

- Provide insurance distribution services through Liming technology platform, ensuring accurate matching of consumer needs by providing data-driven and analytical tools for brokers to help them evaluate consumers.
- Optimize the sales and customer retention performance of brokers with real-time mobile management platform.

Implementing the Customer Feedback Mechanism

Adheres to its cultural value of "customer first", the Company has formulated nine operating management principles to ensure the quality of its customer service, and formulated the Customer Feedback Handling Procedures to ensure the timely handling and follow-up of customer feedback. The mechanism can accurately categorize customer feedback messages and the relevant customer needs and improvement measures needed, allowing us to better handle customer feedbacks and use them to further improve the product experience of our customers. In 2020, the Company's customer complaint return visit rate reached 100%.

Flow Chart of Customer Feedback



Bairong Inc. customer feedback handling flowchart

Building an Innovation Ecosystem with the Financial Industry

The construction of an innovation ecosystem is an important driver for the development of the financial industry that undergoing digital transformation. Bairong Inc. leverages its independently developed cutting-edge technology to provide cloud computing services to help its customers' online transformation. Meanwhile, the Company strives to help improve the efficiency of financial services for small and micro enterprises through the construction of a financial ecosystem, further promoting the efficiency implement of the financial industry.

Helping Financial Services Become More Intelligent with SaaS Services

The Company continues to explore the scenarios and applications of cutting-edge technologies such as AI, cloud computing and blockchain in the financial field, and improve its own digital and technology capabilities, aiming at empowering financial institutions to innovate and digitalize to better support the development of the real economy with more intelligent financial services.

In the era of cloud services, the Company has been focusing its efforts on building a SaaS ecosystem. By establishing a proprietary cloud technology platform and providing reliable, secure and stable cloud computing services, it helps financial services industry customers achieve rapid deploy their businesses and application online. The platform can also integrate with multiple modules to provide customers with customized end-to-end solutions. As of the end of 2020, the Company had provided corporate finance SaaS services to more than 4,500 FSP clients in China, including substantially all of China's national banks, substantially all of China's consumer finance companies, more than 700 regional banks, 90 major insurance companies and a variety of other FSPs.

Provid corporate finance SaaS services to FSP clients more than

4500

Regional banks over

700+

Major insurance companies

90+

Enabling Inclusive Finance to Better Service Small Enterprises

The Company has built a financial scenario ecology for small and micro enterprises based on the "industry + technology + finance" model, providing technical support for financial institutions in the business risk assessment of small and micro enterprises with more accurate assessment of the actual repayment capabilities of companies seeking loans. For legal persons or owners of small and micro enterprises with reliable tax record, the Company assisted financial institutions to develop an online automatic input approval tax-based loan products for small and micro enterprises, including target borrower, target area, term, limit, interest rate, credit method, repayment method, etc. In addition, the application scenarios also include designing loan products for small and micro merchants, and developing online business mortgage loan products for small and micro enterprises. The Company has accumulated rich experience in constructing risk management system for small and micro enterprises, allowing it to the needs for both standardized and customized risk management products for small and micro enterprises of financial institutions.

By integrating financial technology with the Internet service models, the Company has assisted an increasing number of financial institutions to achieved batch and precise customer acquisition, and reduce the operational costs to serve traditional small and micro enterprises. With the access to platform scenario data and internal and external data of banks, the big data products and big data risk control model have replaced traditional collateral-based risk control model, allowing more long-tail customers to gain access to bank services.

Case | "CITIC Plastic Loan" Helps Customers Grow

The Company worked together with China CICIC Bank and the digital industry platform, isuwang.com, to joint launched the inclusive financial product "CITIC Plastic Loan", and at the same time approved the loan applications of the first batch of whitelisted customers in the plastics industry. Bairong Inc. also actively participated in alliances and organizations sponsored by government and industry associations, and made significant contribution to the development of corporate credit investigation system and data sharing among industry players.

"CITIC Plastic Loan" targets the high-quality clients of isuwang.com for preapproved loans, also features online application only, simpler material requirements, and low effective financing costs. The Company assisted China CITIC Bank with the rapid screening of target customer groups and asset selection standards based on the extraction and translation of application scenario data. The launch of this flexible and more inclusive financial product produced a solution to the challenges facing plastic companies, such as lack of access, high costs, and insufficient service of financial services.

Enhancing Consumer Financial Experience

Ensuring stability and efficiency are two primary considerations as financial services pursue business growth. Bairong Inc. actively support financial institutions to develop online financial services, providing consumers with effective and convenient financial experience.

During the epidemic, we made efforts to support financial institutions to provide online businesses smoothly and efficiently. Bairong Inc. developed the "3+1" digital transformation platform, including an automatic model training platform, an automatic model management platform, a decision engine platform and a data middle platform based on business entities. The platform functions as an important technical support for the digitalization of financial institutions, allowing them to carry out their businesses more efficiently and contributing to mitigating the impact of the epidemic on the real economy and improving consumer financial experience.

With the support of Bairong Inc.'s technologic solutions, financial institutions were able to provide consumers a variety of online financial service channels. Consumers could use remote video to open an account, provide witnessed signature, request services, talk to online intelligent customer service, remote check in, coordinate work, participate in training, conduct business, and use facial recognition, OCR recognition, electronic signatures, smart text messages, and other tools, allowing the customers to both save time and avoid potential risks caused by making multiple trips outside home.

Ensuring the Security of Digital Finance

Financial businesses often deal with complex situation and large value of fund. Ensuring the security of digital finance is a necessary guarantee for us to provide services to financial institutions. While using cutting-edge technology to create an intelligent risk control system for customers, Bairong Inc. also is committed to strictly ensuring customers' information security, and contributing to the building of a healthy digital financial ecosystem.

Developing the Intelligent Risk Control System

In the era of digital economy, as the scope of basic financial services continues to expand with an increasing number of innovative financial products, risk control has also become more difficult and requires more control points to be managed. To address this need of financial institutions, we developed the intelligent middle platform to help financial institutions package their back-end resources into abstract attribute data, becoming a core capability that can be used and shared at the front-end, so as to reduce business risk at the front-end. It can be used in a variety of risk control scenarios such as anti-fraud, credit evaluation, risk warning, and post-loan management. The Company categorizes financial institutions' customer into different risk grades, and applies different approaches accordingly. With our AI and big data analysis capabilities, we provide financial institutions with full cycle services to help them avoid a variety of risks.

Case | Co-developing the "Online Retail Risk Control Platform" with Langfang Bank

Bairong Inc. cooperated with Langfang Bank to realize the digital transformation of traditional business management processes. They cooperated in the fields of basic engine systems, score cards, relationship graph, data marts, etc., to build an intelligent decision-making system regarding the risk control needs of online retail credit business, which is a strategic focus of the bank. The transformation requires both better customer experience and more efficient financial services, both in need of the support of technologies. Bairong Inc. helped Langfang Bank in preventing risks and benefiting the general public, allowing the bank to provide more intelligent services to support the development of the real economy.

Comprehensively Identifying Fraud Risks

As online financial services became everyday life, financial fraud also evolved into a variety of new models. The Company developed the relationship graph anti-fraud technology with AI and big data technology. The system makes analysis of relevant relationship data based on collected user data to detect data inconsistencies and identify and prevent frauds, helping financial institutions reduce fraud risks and losses. The Bairong Inc. Relationship Graph system has a close to 90% accuracy rate in detecting suspicious fraud activities.

Case | Preventing Organized Fraud with AI Relationship Graph

The Company developed a series of efficient and flexible relationship graph models and solutions based on the technology of complex network. The system first identifies the subject, then constructs relationship graph around the subject and develop relevant logical deduction accordingly. Subsequently, the system uses a group identification algorithm analyze the mapping to identify groups with certain connections. If the average fraud intention value of an identified group is over a threshold, the group will be flagged as suspected organized fraud gangs.

During the cooperation with a bank, the Company analyzed a batch of query samples provided by the bank and identified multiple customers with organized fraud risk. Data verification conducted by the bank indicated that even though 90% of the customers connected with these accounts were already denied service due to pre loan anti-fraud measures, the remaining 10% who were approved resulted in five times of the average bad debt risk of an ordinary customer. For banks, using the Bairong Inc. AI Relationship graph system in the pre loan process can effectively reduce bad debt risks.

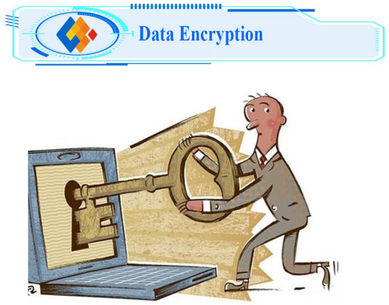
Case | Improving Anti-fraud Capabilities of Auto Insurance

The Company has developed a complete set of fraud risk control system for auto insurance companies using its industry-leading data capabilities, modelling capabilities and system development capabilities, providing an effective solution to prevent auto insurance frauds. After understanding the demand for auto insurance fraud prediction and identification, the Company launched a cooperation project with a state-owned property insurance company, to develop a customized auto insurance client fraud risk rating system. The system uses machine learning, neural network and other AI technologies, and also makes full use of our multi-dimensional big data expertise to factor in the various data input, such as credit rating, financial status, consumption habits, organized fraud risks, etc. With the new Bairong Inc. Auto Insurance Fraud Rating system added to its existing model, the project achieved significant improvement in the prediction accuracy. A verification of auto insurance cases filed by clients who ranked top 5% in the fraud prediction score indicated that the new model has increased the prediction accuracy rate from 33.9% to 42.4%.

Protecting Customer Information Security

Information security is of vital significance to protecting the rights and interests of customers and ensuring the stable operation of the financial system. The Company integrates the principles, concepts and methods of privacy protection into its business operations, and strives to provide technological services that protects information security and ensures customer experience. We actively researched on new federated machine learning algorithms and developed the technology on how to establish a virtual common data model by using the encrypted parameter exchange mode. Companies still keep their data locally and all data privacy protection requirements are observed. Finally, the system uses a joint modeling method to improve the effectiveness of modelling. Companies can use this system to improve the quality of their financial services while strictly ensuring the protection of customer information security.

As the first domestic AI and big data application company to obtain the ISO/IEC 27701:2019 standard certification issued by the China Quality Certification Center, Bairong Inc. took the lead in completing the upgrading of its information security management system to also manage privacy protection. With capabilities covering the entire field of privacy protection management including financial risk control technology consulting services, corporate credit investigation services, computer application software platform technology services, etc., we strive to make continuous efforts to help manage privacy risks.



Talent Development

Talent is a key driver for an enterprise to grow. Bairong Inc. attaches great importance to attract talent, and actively practiced the management principle of “people-first” in our operations. We fully protect the legitimate rights and interests of employees, and strive to build a high-quality career development platform and a diversified training system for employees. We also regularly carry out a variety of employee activities to build a dynamic and innovative workplace, where our employees can work together with the Company to create greater value for our clients and the society.

Optimizing Career Development Platform

Employee Care

Employee Performance

Protecting Employee Rights

Bairong Inc. strictly abides by the *Labor Law of China* and the *Labor Contract Law of China*, and *Civil law of the people's Republic of China* as well as other applicable laws and regulations, we strictly forbid child labor and forced labor, fully respect the employees' freedom to association and rights of collective bargaining, ensure equal pay and equal career opportunity, and prohibit any form of discrimination such as on the basis of race, nationality, religion, gender, age, and marital status, etc. Our corporate culture advocates for the integration and unity of employees with different cultural backgrounds, respects the individual rights of everyone, and seeks common ground while reserving differences with an inclusive mind.

The *Bairong Inc. Employee Handbook (2020 Edition)* has stipulated our hiring policy, and requires strict implementation of the principles of equality and fairness, integrity, and avoiding conflict of interest such as nepotism. We strictly abide by the recruitment procedures and ensure the fairness of our recruiting process by taking disciplinary actions on violations such as accepting kickbacks or commissions from hiring agencies, cheating, or not following the appropriate hiring procedures.

The healthy development of the Company requires both fairness internally and competitiveness externally, Bairong Inc. adopts a broad band salary system to ensure both flexibility and competitiveness. In terms of employee benefits, in addition to the benefits required by laws and regulations, such as social security and housing provident fund, we also provide supplementary medical insurance and other employee caring benefits to ensure the well-being and benefits of employees.

Principles for recruitment

- Principle of equality and fairness: The Company adheres to the hiring principle of equality and fairness, and forbids any form of discrimination against employees and candidates based on nationality, race, gender, age, disability or religious belief. We select candidates by talent and capabilities, and provide them with appropriate salary and benefits based on the type of work, job requirements and market standards.
- Principle of avoiding conflict of interest: The Company requires employees to report their relationship with other employees to avoid the conflict of interest due to nepotism.
- Principle of honesty: The employee shall ensure that the personal identification and work history data submitted are true, effective and free from fraud, and bear the full legal consequence due to untrue information, including but not limited to termination of labor contract with no economic compensation.
- Candidates with the following conditions shall not be hired: People under 16 years of age; people whose previous labor contract has not been terminated; people that have been dismissed by the Company or left without approval; or people with other conditions that make them unfit for the job.

Principle of non-discrimination

- Guiding principle: Bairong Inc. is committed to creating an equal, fair and non-discriminatory workplace.
- Interpretation: Discrimination refers to any differentiated treatment among people based on differences in nationality, race, skin color, gender, sexual orientation, nationality, religion, age, disability, marital or family status, genetic information or any other personal characteristics protected by law.
- The Company has the zero-tolerance policy towards any form of such discrimination. When making employment decisions (including recruitment, performance appraisal, salary and benefit adjustment, promotion and contract termination, etc.), we shall made decisions only based on the metrics including the need of the Company, job requirements, personal qualifications, skills and performance appraisal, without any influence based on the above-mentioned personal characteristics.
- The Company strives to foster an inclusive, diverse and equal corporate culture, and respect any personal characteristics protected by law and the policies of the Company. The Company forbids any differentiated treatment of its employees, customers, suppliers or other business partners based on these conditions.

Source: Bairong Inc. Employee Handbook, 2020 Edition

Optimizing Career Development Platform

Training is an important responsibility of human resource management. A sound training system allows the employees of an enterprise to better tap their potentials and grow their professional capabilities, enabling the enterprise to better fulfill their mission.

Employee Training

The Company attaches great importance to developing an effective employee training and career development system, ensuring the quick integration of new employees and the continuous improvement of professional skills and career development of existing employees with a variety of training activities, such as new employee orientation, mentoring and centralized training, etc.

The 7-2-1 System of Employee Training and Career Development

70% — Learning by doing: Setting challenging responsibilities

Allowing the employees to gain experience and grow by performing tasks or completing challenging work in specific or unspecific work scenarios.

20% — Learning from mentoring: Mentoring for new recruits

Allowing new employees to effectively grow with mentoring, teaching, guidance and feedback from superiors or peers.

10% — Learning from lectures: Centralized training

Allowing the employees to master knowledge and skills through classroom teaching, reading or studying data and information.

The Company has established a multi-dimensional exchange program for internal training starting from bootcamp for new graduates. We regularly organized technological innovation activities in various forms such as algorithm competition, invited top industry experts for exchange and sharing, developed a training course for AI application personnel, all contributing to maintaining our core competitiveness. We have also developed a complete training system covering the whole career cycle of employees that growing from "Eaglet" to "Golden Eagle". By creating a dynamic learning organization, we have created an encouraging atmosphere for our employees to continuously learn and improve their capabilities.

Performance Management

In order to ensure fair and impartial employee performance evaluation and to motivate employees to realize their value, the Company implements a strong performance incentive mechanism. Management staff can better evaluate the performance of their team with comprehensive online performance management for all employees The Performance Management System of the Company standardizes different performance rating grades with clear definitions and specific descriptions regarding the performance of employees, which will be used as an important reference for their performance evaluation, bonus allocation, position change, and development plan.

The Company maintains an open channel to hear feedback and complaints regarding performance evaluations. Employees evaluated have the right to have their own evaluation results and the right to be briefed by the evaluator about their evaluation results, as well as the rights to file a written complaint to Human Resources within three working days after receiving the evaluation results, Human Resources will conduct investigation and have the complaint handled within three working days, before informing both parties and supervising the implementation of the decision accordingly. If the employee still has objections to the decision, he or she can still appeal to the Evaluation Committee for arbitration, whose decision will be finalized within the Company.

Promotion

Bairong Inc. has developed an open and transparent career path regarding promotions. *The Guidelines for Promotion Presentation* of the Company clarifies the qualifications and procedures for promotions, providing an open, fair and encouraging workplace for the career development of employees.

The Company has clarified the qualifications for each level of promotions based on the position system. Employees at all levels can apply for promotion through open and fair competition following procedures such as self-evaluation and promotion presentation, etc. During the self-evaluation stage, an employee can only qualify for candidates after getting nominations from direct report and receiving approvals from directors of the department. During the promotion presentation stage, the candidate needs to pass the evaluation of a evaluation board of at least three members, and number and rank of evaluation board members are clearly defined in the Company policy.

Recognitions and Rewards

The Company has formulated the *Bairong Inc. Incentive Plan* and related management approach to build a fair and impartial incentive system to foster a positive corporate culture and spirit, recognize outstanding individuals and teams, and create a positive and dynamic workplace. Each quarter, we give real-time incentives to recognize employees for outstanding performance, significant contribution, strong cultural integration, or being role models for their departments or functions.

At the end of each year, the Company also regularly organizes a ceremony to appreciate employees with best performance, including the Top Ten Model Employees and Top Five Projects. The Company also rewards individuals or teams who have made significant contributions with both honors and monetary rewards to commend outstanding employees and encourage other employees to follow suit.

Employee Care

Bairong Inc. strives to provide employees with a welcoming and caring working environment, ensuring a comfortable office environment for employees and greater cohesion of the Company. Taking employee health and safety as a top priority, the Company is committed to ensuring workplace safety and eliminating workplace safety hazards in accordance with applicable laws, regulations and appropriate safety measures.

We care for the well-being of employees and strive to create a harmonious and comfortable working environment, and increase the sense of belonging and happiness of employees. We set up rest areas in office, and provide each work station with green plants for better air quality. We also use surveys to ask feedback and suggestions from employees regarding our employee cafeteria to improve service quality and give employees greater food choices.

We are also committed to create a gender-equal, diverse and inclusive workplace. We have established nursery rooms for nursing mothers, and allow our employees to take various forms of maternity leaves, such as medical checkup leave, maternity leave (parental leave for husbands), miscarriage (abortion) leave and nursing leave.

Case | Epidemic Control and Employee Caring During the Pandemic

Beginning in 2020, the COVID-10 pandemic has brought severe challenges to us, affecting both the physical and the mental health of our employees. We stood firmly behind our employees, regularly provided employees with masks and disinfection wipes, and asked employees to work from home to ensure their health and safety. We also formulated the *Guidelines for Working from Home* and the *Manual on Epidemic Prevention and Control* to guide employees to adjust their mood and maintain a healthy and relaxed attitude when working from home during the pandemic.

Employee Performance

Human Resource Structure

By the end of 2020, Bairong has a total of 979 employees, including 650 employees in Beijing, representing 66.4%, and 248 employees in Shanghai area, representing for 25.3%.

Indicator	Unit	Year 2020
Labor contract signing rate	%	100
Social insurance coverage	%	100
Total number of full-time employees	Person	979
- Percentage of female employees	%	46
- Percentage of male employees	%	54
- Percentage of employees aged under 30	%	42
- Percentage of employees aged 30-50	%	57
- Percentage of employees aged over 50	%	1
- Number of ethnic minority employees	Person	31
- Number of sales and marketing employees	Person	211
- Number of employees in product development	Person	491
- Number of customer service employees	Person	93
- Number of administrative staff	Person	184
Turnover rate of all employees (including Beijing, Shanghai and other regions in China)	%	28
- Turnover rate of male employees	%	30
- Turnover rate of female employees	%	26
- Turnover rate of employees aged under 30	%	43
- Turnover rate of employees aged 30-50	%	18

Employee Training

Indicator	Unit	Year 2020
Total number of employee training participation	Person-time	1,065
- percentage of male employees trained	%	100
- percentage of female employees trained	%	100
- percentage of senior management trained*	%	100
- percentage of middle-level management trained*	%	100
- percentage of frontline employees trained*	%	100
Total training expenses	RMB 10,000	44.7
Average training expenses per employee	RMB	420
The total number of employee participation in work-related knowledge and skills training	Person-time	860
Average training time per employee	Hour	65.1
- Average training time of senior management*	Hour	110.2
- Average training time of middle-level management*	Hour	82.5
- Average training time of frontline employees*	Hour	58.7
- Average training time of female employees	Hour	60.3
- Average training time of male employees	Hour	72.8

*The data only include the statistics of Beijing headquarters

Employee Health and Safety

Indicator	Unit	Year 2020
Health examination and health record coverage	%	86
Number of incidents of work-related injury	Case	nil
Number of work-related deaths	Case	nil
Rate of deaths at work	%	nil
Lost working days due to work-related injury	Day	nil

Green Development

In recent years, with the frequent occurrence of extreme weather and natural disasters, addressing climate change has become one of the most important challenges facing the global community. The Chinese government has set a climate action goal of “achieving carbon peaks by 2030 and carbon neutrality by 2060”, providing a guideline for the green transformation of the economy and society. It is our belief that reducing greenhouse gas emissions and contributing to achieve climate action goals requires the action of every business and individual. We actively assist the digital transformation of the financial services industry to reduce energy and resource consumption. Meanwhile, we have also implemented green office and operation requirements to reduce our own environmental impact. Adhering to the concept of green and sustainable development, we are committed to making continuous contribution to protecting our planet and working together with others to ensuring a green future for all.

Promoting the Green Transformation of Financial Services

Reducing Environmental Impact

Green Data Center

Environmental Performance

Promoting the Green Transformation of Financial Services

The financial services industry used to generate a large quantity of paper documents in operations, which not only involves complicated and cumbersome operations to process and archive, but also consumes valuable forestry resources. There were also carbon emissions generated by consumers' travel to get financial services at physical service outlets. With its main business of assist the digital transformation of the financial services industry, Bairong Inc. also helps financial institutions restructure their business processes to achieve paper-free operations and adopt electronic billing, achieving both less paper consumption and greater convenience for customers at the same time. Customers now can have an increasing number of business requests handled online instead of in person, and receive online notifications through email or OA system instead of traditional mail, resulting in significant less uses of paper and other resources and realizing the green transformation and upgrading of financial services.

Reducing Environmental Impact

As a financial technology company, our environmental impact mainly comes from the daily operations of our offices and data centers. Strictly complying with the *Environmental Protection Law of the People's Republic of China*, for offices in Beijing and other locations, we cooperated with the property managers to continuously improve the environmental management system to realize improvement in environmental performance with specific energy conservation and emission reduction operations covering the entire value chain.

Our Environmental Commitments:

- Advocating the concept of green office and green living, and raising the awareness of employees by integrating energy saving, emission reduction and environmental friendliness in the daily life of employees.
- Actively promoting innovative practices in energy conservation and emission reduction, creating a green and healthy office environment, and ensuring compliance with all energy conservation and other environmental requirements.
- Applying the green and low-carbon concept in the procurement process, giving priority to green products with environmental, resource conservation, low-carbon or recycling benefits, and gradually phasing out low-energy-efficiency products.
- Reducing waste from the source, giving priority to recycling and reusing of retired equipment, and properly disposing waste to prevent pollution.
- Regularly analyzing energy and environmental performance data, such as electricity and water consumption, and setting scientific targets to improve resource and energy conservation.
- Supporting environmental protection public welfare activities, and participating in environmental protection activities.

Green Office

Energy saving and consumption reduction

- Requiring all office equipment, such as computers, printers, copiers and scanners, etc., to be switched off after work; regulating room temperature settings for different seasons; carrying out energy-saving technological transformation projects; and eliminating office equipment with high energy consumption and low energy efficiency from procurement.

Paperless office

- Conducting all regular approval processes online using the online office platform; using paper documents only necessary to both save paper and improve efficiency with simplified business processes.
- Encouraging the use of online video conferencing to reduce unnecessary business travel and time costs, as well as the greenhouse gas emissions generated by travel.

Garbage classification

- Setting up garbage classification bins in with the requirements of the *Beijing Municipality Domestic Garbage Classification and Management Regulations*, and encouraging employees to participating in garbage classification and resource recycling.
- Applying classified management regarding retired electronic products. Computers that are still functional will have all sensitive information erased, then are either donated to charity organizations, or disposed by qualified professional recycle vendors.

Green Procurement

We actively implement green procurement and give priority considerations to suppliers and products with relevant environmental management system certification, green product certification, or high energy efficiency grades. Suppliers with major negative environmental incidents will be treated with caution and disqualified. We also strive to work together with our supply chain partners to help them improve environmental performance and develop in harmony with the environment.

Green Data Center

As of the end of 2020, we had leased and operated two data centers, which collectively host over 650 servers. We evaluated data center service providers not only by indicators on safety, stability, and cost efficiency, but also by energy efficiency indicators, such as types of energy and cooling methods used. We also regularly monitor the environmental performance data, such as power use efficiency (PUE) and carbon emission intensity, to encourage the data center service providers to continuously strengthen their environmental management and fulfill environmental responsibilities.

Environmental Performance

Energy Consumption Note

Indicator	Unit	Year 2020
Total energy consumption	GJ	4,718.74
Energy consumption per employee	GJ/ person	7.26
- Natural gas	Cubicmeter	0
- Purchased electricity	kWh	530,282.90
- Purchased heat	GJ	2,811.57

Greenhouse Gas Emissions Note

Indicator	Unit	Year 2020
Direct GHG emissions (Scope 1)	Tons of CO_2e	0
Indirect GHG emissions (Scope 2)	Tons of CO_2e	778.20
Per capita GHG emissions (Scope 1 & Scope 2)	Kg CO_2e / person	1.20

Water Consumption Note

Indicator	Unit	Year 2020
Total water consumption	Cubic meter	695
Water consumption per employee	Cubic meter / person	1.07
Water consumption per unit of revenue	Liter / Rmb10,000	61.15

Waste Note

Indicator	Unit	Year 2020
Total amount of hazardous waste	Kilogram	37.50
Amount of hazardous waste per employee	Kilogram / person	0.058
Amount of hazardous waste per employee per unit area of office space	Kilogram / square meter	0.0055
Total amount of non-hazardous waste	Kilogram	47,000
Amount of non-hazardous waste per employee	Kilogram / person	72.31
Amount of non-hazardous waste per employee per unit area of office space	Kilogram / square meter	6.93

Notes:

1 Unless otherwise specified, the scope of the 2020 environmental data included in this report came from our facilities in Beijing. A total of 650 employees worked in these facilities, with a total office area of 6,779 square meters.

2 Based on the characteristics of our operations, the main sources of our GHG emissions are purchased electricity and purchased heat, both calculated in terms of carbon dioxide equivalent. For emission factors, we mainly based our calculation on the emission factor for electricity listed in the 2012 data of the National Development and Reform Commission's *2011 and 2012 China Regional Power Grid Average Carbon Dioxide Emission Factors*, and the emission factor for heat listed in the *Beijing Municipality CO2 Emission Accounting and Reporting Requirements for Heat Production and Supply Industry (DB11 /T 1784-2020)*. The Company does not own corporate vehicles, so it has zero direct GHG emissions (Scope 1) from the consumption of gasoline, diesel, liquefied petroleum gas and natural gas.

3 There are three sources of water consumption: municipal water (tap water), drinking water in large containers for water cooler/heater (drinking water), and bottled water (drinking water). The Company actively conserved water and its daily water consumption has no significant impact on the surrounding environment of the operation site.

Giving Back to Society

The essence of fintech is to use technology to do good, using technology to build credit for good people and good companies so that they can have greater access to financial resources and other social resources. As a responsible company with strong mission, we strive to take advantage of our business model and expertise to service the needs of society.

During the epidemic, we took prompt action and initiated the “Intelligent Voice Epidemic Prevention” program to provide free “Intelligent Voice Dialogue Robot” services to government agencies, neighborhood communities, and local disease control centers, helping them build a strong epidemic control “frontline”. We also actively participated in government initiatives to providing targeted training and internship programs for students of universities and schools in Hubei, students from Hubei, and students whose parents are medical workers participated in epidemic control operations in Hubei.

Supporting Community Epidemic Efforts with Technology

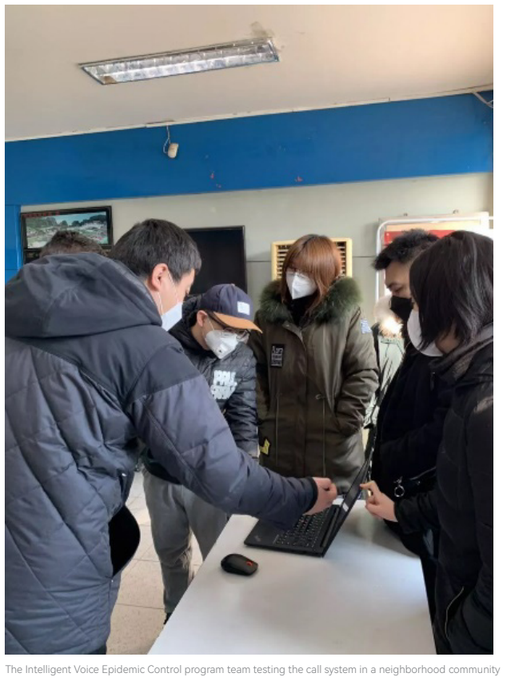
Fulfilling Social Responsibility

Promoting Financial Education and Awareness

Supporting Community Epidemic Efforts with Technology

Aiming at using technology to do good and support the epidemic control efforts, Bairong Inc. took prompt actions after the epidemic occurred. We launched "Intelligent Voice Epidemic Prevention" program and developed "Intelligent Voice Dialogue Robot" service solutions and gave it for free to government agencies, neighborhood communities, and local disease control centers, helping them build a strong epidemic control "frontline". The system allows automated calling for scenarios such as epidemic notification, contact tracing, and status check, to be used to replace in-person activities to both avoid personal contact of epidemic control personnel and improve the efficiency of community epidemic prevention and control efforts. This contribution of supporting epidemic control with technology was highly recognized and Bairong Inc. was awarded the honorary title of "Outstanding Contributor in Epidemic Control" by the Shijingshan District Government in June 2020.

Our Intelligent Voice Dialogue Robot system also played an important role in helping businesses to resume operation, carrying out a wide range of calling talks, such as the notification on the trainings for enterprises on how to apply for epidemic support, and the reminder messages sent to national high-tech enterprises on the filing of the Program Torch annual statistical report. Up to date, the Bairong Inc. Intelligent Voice Dialogue Robot has already carried out over tens of thousands of outbound calls for the Shijingshan District Government.



The Intelligent Voice Epidemic Control program team testing the call system in a neighborhood community

Fulfilling Social Responsibility

As a technological enterprise with a strong sense of social responsibility, Bairong Inc. actively fulfills our social responsibilities and takes actions to pay back to society.

The pandemic also had impacted on the job placement of university graduates. In April 2020, Bairong Inc. participated in the "Support Epidemic Control Public Welfare Training & Internship" program. In addition to providing targeted training and internship opportunities for students of universities and schools in Hubei, students from Hubei, and students whose parents are medical workers participated in epidemic control operations in Hubei, we also developed and carried out online training sessions on workplace skills and professional knowledge to help the students become better prepared in job searching. The students could improve their competitiveness by learning useful industry knowledge with first-hand application examples, including lectures on introduction to financial analysis methods, time series models, machine learning models, and Monte Carlo analysis of financial risk management, etc.

Promoting Financial Education and Awareness

Bairong Inc. attaches a great importance to support education activities. We leveraged our professional expertise and have developed financial education platform to contribute to the development of the financial services industry. The 4th Tsinghua University Financial Education Training Camp was hosted by the Fintech Research Institute of Tsinghua University and co-organized by Bairong Inc., with support from the China Banking Association and Weiyang Network. Themed on the digital transformation of retail banks in the "Beijing-Tianjin-Hebei" region, this event attracted nearly a hundred participants. Participants learned about the financial knowledge requirements for banking professionals under the context of macroeconomic and technological development, allowing them to effectively protect the legitimate rights and interests of financial consumers.

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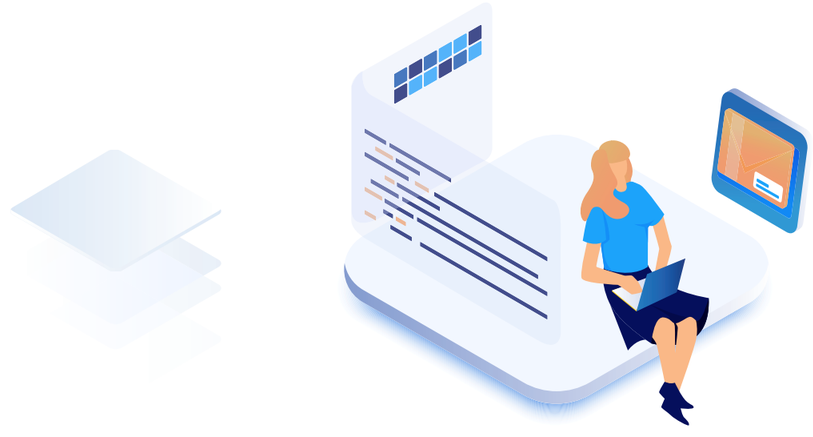

Looking Forward

In the future, Bairong Inc. strives to make unremitting efforts in the following aspects to continuously create positive impact and contribute to the sustainable economic, environmental and social development for all.

- Continue to pursue our vision of "Becoming Cornerstone of Financial Industry" by continuously using technology to empower both the supply and demand sides of the financial industry, deepen the application of AI and big data technologies in the financial field, and facilitating the digital transformation of financial service providers to reshape the industry ecology.
- Continue to implement the concept of "Technology for Good" by solving society's needs with our technical capabilities and product and service expertise and developing more products and applications with social and environmental benefits.
- Continue to improve the Intelligent Fraud Risk Control System and enhance our own information security protection to help ensure digital financial security.
- Continue to focus on agricultural financing and other specific fields, and use advanced digital technologies to empower financial service providers to better serve rural revitalization.
- Fully ensure the rights and interests of employees, organize diversified training activities and broaden the career development path for employees; carry out a variety of cultural and sports activities to ensure the work-life balance of employees.
- Continue to improve our ESG governance and deepen the integration of ESG issues and business, respond to the needs and expectations of stakeholders, and become an outstanding corporate citizen.

ESG Reporting Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs		Disclosed chapter
A: Environmental		
Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Reducing Environmental Impact
	KPI A1.1 The types of emissions and respective emissions data.	Environmental Performance
	KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance
	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance
	KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance
	KPI A1.5 Description of emissions target(s) set and steps taken to achieve them.	Reducing Environmental Impact
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Reducing Environmental Impact
Aspect A2: Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	Reducing Environmental Impact
	KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Performance
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Performance
	KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Reducing Environmental Impact
	KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Reducing Environmental Impact
	KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	This indicator is not applicable as the Company belongs to the financial technology service sector.
Aspect A3: The Environment and Natural Resources	General Disclosure: Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Reducing Environmental Impact
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Reducing Environmental Impact

Subject Areas, Aspects, General Disclosures and KPIs		Disclosed chapter
Aspect A4: Climate Change	General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Reducing Environmental Impact
	KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Reducing Environmental Impact
	B. Social	
	Employment and Labour Practices	
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equity opportunity, diversity, anti-discrimination, and other benefits and welfare.	Protecting Employee Rights Optimizing Career Development Platform
	KPI B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employee Performance
	KPI B1.2 Employee turnover rate by gender, age group and geographical region.	Employee Performance
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Protecting Employee Rights
	KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employee Performance
	KPI B2.2 Lost days due to work injury.	Employee Performance
	KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employee Care
Aspect B3: Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Optimizing Career Development Platform
	KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Performance
	KPI B3.2 The average training hours completed per employee by gender and employee category.	Employee Performance
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Protecting Employee Rights
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	Protecting Employee Rights
	KPI B4.2 Description of steps taken to eliminate such practices when discovered.	Protecting Employee Rights
	Operating Practices	
Aspect B5: Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.	Risk Management
	KPI B5.1 Number of suppliers by geographical region.	Suppliers Management
Aspect B5: Supply Chain Management	KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Suppliers Management
	KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Suppliers Management
	KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Suppliers Management
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Ensuring the Security of Digital Finance
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	This indicator is not applicable as the Company belongs to the financial service sector.
	KPI B6.2 Number of products and service related complaints received and how they are dealt with.	Providing Full-cycle Financial Services
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	Intellectual property protection
	KPI B6.4 Description of quality assurance process and recall procedures.	Providing Full-cycle Financial Services Ensuring the Security of Digital Finance
	KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Ensuring the Security of Digital Finance
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Ethic of Business
	KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Ethic of Business
	KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Ethic of Business
	KPI B7.3 Description of anti-corruption training provided to directors and staff.	Ethic of Business
	Community	
Aspect B8: Community Investment	General Disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Supporting Community Epidemic Efforts with Technology Fulfilling Social Responsibility
	KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Promoting Financial Education and Awareness
	KPI B8.2 Resources contributed (e.g. money or time) to the focus area.them.	Supporting Community Epidemic Efforts with Technology Fulfilling Social Responsibility

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