



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

国际友联融资租赁有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1563

**Environmental,
Social and Governance Report 2021**

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ABOUT THE REPORT

International Alliance Financial Leasing Co., Ltd. (the “Company”) and its subsidiaries (collectively known as the “Group” or “We”) gratefully publish the Environmental, Social and Governance (“ESG”) Report (the “ESG Report”) covering the period from 1 January 2021 to 31 December 2021 (the “Year”). The ESG Report summarises the Group’s status in practising the concept of sustainability comprehensively and performing corporate citizenship responsibilities. The ESG Report also details the Group’s effort in embodying the principle of sustainable development and the performance of social governance during the Year.

SCOPE OF THE REPORT

The ESG Report details the Group’s overall environmental and social policies for the operations of its businesses (namely the provision of financial leasing and related advisory services) in the People’s Republic of China (the “PRC”). The ESG Report and its environmental and social key performance indicators (“KPIs”) covered the performance of the Group’s offices in Beijing, Tianjin, Shenzhen¹ and the Hong Kong Special Administrative Region (“Hong Kong”) of the PRC during the Year. The scope is determined based on whether the Group has operational control over the entity, and whether the entity has a material influence on the Group’s performance or assets.

REPORTING STANDARD

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

REPORTING PRINCIPLES

The ESG Report was prepared by engaging stakeholders and conducting materiality assessments, including identifying ESG-related issues, collecting and examining the opinions from internal management and different stakeholders, evaluating the relevance and importance of the issues, as well as formulating and reviewing the data reported. The ESG Report comprehensively cover the material issues concerned by different stakeholders.

The ESG Report discloses the quantitative environmental and social KPIs, presenting the ESG performance of the Group comprehensively. The standards, methods, reference data and sources of information of the major emissions, as well as the conversion factors used by its KPIs, are listed in the ESG Report whenever appropriate. In order to facilitate the comparison of the ESG performance over the years, the Group adopted the same calculation methods as far as reasonably practicable. Where there is any change in the methods, the Group will also present and explain it in detail in the corresponding sections. For the Year, there is no change in the calculation method as compared to previous year.

OPINIONS AND FEEDBACKS

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

¹ The Shenzhen office officially opened in July 2020, but only substantially commenced its operations this Year. Therefore, in order to ensure that the disclosed data truly reflect its daily operations, we started collecting its environmental and social data this Year and included it in the scope of the report.

ESG GOVERNANCE

BOARD STATEMENT

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

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

With the aim of effectively supervising and promoting the ESG development of the Group, the Board continuously monitors ESG-related work and keeps track of the latest regulations on ESG disclosure issued by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), as well as ensures close cooperation between departments, achieving the goals of both compliant operation and bearing social responsibilities. Based on the goals formulated by the Group, the Board regularly reviews the relevant systems and policies and the status of execution, as well as monitors the coordination and management of ESG matters.

STAKEHOLDER ENGAGEMENT

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

Stakeholder	Requirement and Expectation	Communication and Response
Governments and Regulatory Bodies	<ul style="list-style-type: none">• Compliance with national policies, laws and regulations• Supporting local economic growth• Driving local employment• Tax payment in full and on time	<ul style="list-style-type: none">• Regular reporting• Examinations and inspections
Shareholders	<ul style="list-style-type: none">• Returns• Compliant operations• Rise in company value• Transparent information and efficient communication	<ul style="list-style-type: none">• General meetings• Announcements• Emails, telephone contacts and company websites
Partners	<ul style="list-style-type: none">• Operations with integrity• Fair competition• Performance of contracts• Mutual benefits and win-win results	<ul style="list-style-type: none">• Reviews and appraisal meetings• Business communication• Exchange and discussion• Engagement and cooperation

ESG GOVERNANCE

Stakeholder	Requirement and Expectation	Communication and Response
Customers	<ul style="list-style-type: none"> • Outstanding services • Health and safety • Performance of contracts • Operations with integrity 	<ul style="list-style-type: none"> • Customers meetings
Environment	<ul style="list-style-type: none"> • Compliance with emission standards • Energy conservation and reduction of emissions • Ecological protection • Reasonable water usage 	<ul style="list-style-type: none"> • Report submission
Industry	<ul style="list-style-type: none"> • Promotion of industry development 	<ul style="list-style-type: none"> • Communicate with local labor department • Participation in industry forum • Field visits and reciprocal visits
Employees	<ul style="list-style-type: none"> • Protection of rights • Occupational health and safety • Remunerations and benefits • Career development • Humanity cares 	<ul style="list-style-type: none"> • Employee communication meetings • Training and workshops • Employee activities
Society and the Public	<ul style="list-style-type: none"> • Open and transparent information 	<ul style="list-style-type: none"> • Company website • Announcements

ESG GOVERNANCE

MATERIALITY ASSESSMENT

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

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

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

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

By analysing the results of survey with consideration to the actual business operation, the Group has identified 6 material topics which are disclosed in detail in the ESG Report.

ESG GOVERNANCE

Material Topics		Corresponding Sections
8	Employment Compliance	Corporate Social Responsibility
9	Remuneration and Benefits	Employment and Labour Practices
11	Diversity and Equal Opportunity	Employment and Labour Practices
12	Occupational Health and Safety	Health and Safety
13	Training and Development	Vocational Training and Development
15	Operational Compliance	Operating Practices

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

ENVIRONMENTAL PROTECTION

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

During the Year, the Group has not been involved in and has not discovered any violations of environment-related laws and regulations.

EMISSIONS MANAGEMENT

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

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

Greenhouse Gas Emissions	Unit	2021	2020
Total Greenhouse Gas Emissions	tCO ₂ e	112.74	73.43
Scope 1 — Direct Emissions (<i>Note (1)</i>)	tCO ₂ e	0.00	0.00
Scope 2 — Energy Indirect Emissions (<i>Note (2)</i>)	tCO ₂ e	27.15	17.62
Scope 3 — Other Indirect Emissions (<i>Note (3)</i>)	tCO ₂ e	85.58	55.81
Intensity of Greenhouse Gas Emissions	tCO ₂ e/employee	3.64	3.19

Notes:

- (1) Scope 1 — direct emissions refer to the direct greenhouse gas emissions generated from operations that are owned or controlled by the Group. The Group had no direct emissions in the Year.
- (2) Scope 2 — energy indirect emissions refer to the indirect greenhouse gas emissions generated by the Group's purchased or acquired energy. The Group's energy indirect greenhouse gas emission is from purchased electricity and purchased heating. The calculation of electricity is based on the "2011 and 2012 Average Carbon Dioxide Emission Factors for Regional Power Grids in China" issued by the National Development and Reform Commission of the PRC. The calculation of heating is based on the "Greenhouse Gas Emissions Accounting and Reporting Guide (Trial) of Public Buildings in Operation" issued by the National Development and Reform Commission of the PRC.
- (3) Scope 3 — other indirect emissions include other indirect emissions outside the Group. The calculation is based on the International Civil Aviation Organisation (ICAO) Carbon Emissions Calculator, and the "Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange.

ENVIRONMENTAL PROTECTION

WASTE MANAGEMENT

The non-hazardous waste of the Group is mainly daily office waste, such as general garbage, paper waste and deliverables packaging. We use waste recycling bins to collect waste paper, which is then handled collectively and processed by the office's property management service provider. Hazardous waste generated by the Group will be collected and treated properly. For example, batteries will be placed in designated recycling bins and handled by the office's property management service provider; toner cartridges will be collected and recycled by printer service providers; and used computers will be handled and recycled by an electronic waste recycling company. We also use recyclable cartridges as many as possible. Our goal is to reduce the environmental impact of waste through proper collection and disposal of waste. The Group will continue to improve existing waste management measures, encourage employees to carry out waste classification and reduce the production of unnecessary waste.

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

Waste	Unit	2021	2020
Non-hazardous waste (Note (1))			
Total Non-hazardous Waste Generated	ton	53.50	56.57
Intensity of Non-hazardous Waste Generated	ton/employee	1.73	2.46
Hazardous waste (Note (2))			
Total Hazardous Waste Generated	kg	220.43	15.98
Intensity of Hazardous Waste Generated	kg/employee	7.11	0.69

Notes:

- (1) The non-hazardous waste generated by the Group is calculated based on the office general waste daily estimated amount and volume-to-weight conversion factors provided by the United States Environmental Protection Agency and the "Research on Solutions to Domestic Solid Waste in Cities of China" issued by the Beijing Environmental Sanitation Administration.
- (2) The hazardous waste generated by the Group is calculated based on actual weight. In addition to toner cartridges, used computer and batteries were generated in the Year, so the total hazardous waste generated in the Year increased significantly compared with last year.

USE OF RESOURCES

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

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

ENVIRONMENTAL PROTECTION

Energy Conservation

The Group is committed to continually optimising its operating processes and implementing power-saving measures in its offices with the objectives of energy saving. The Group will remind employees to turn off all electrical appliances including lights and air conditioning equipment before leaving the offices. Such practice is also reinforced in the Group's Employees' Codes of Conduct. For air conditioning systems, we set the minimum temperature of the air conditioning systems as 25.5 degrees Celsius, regularly check and clean the filters and coil fans, in order to ensure normal operation of the air conditioning system and reduce the possibility of refrigerant leakage. Our employees are allowed not to wear a tie and full suit in hot weather and may wear casual clothing on Fridays to reduce the use of air conditioning. For lighting systems, the Group sets up light switches that can be controlled independently and adopts highly efficient light fixtures in different areas of the office, saving energy as much as possible. Moreover, computers are set to automatic stand-by or sleeping mode while idling to avoid waste of energy.

The data of energy consumption of the Group are as follows:

Energy Consumption	Unit	2021 (‘000)	2020 (‘000)
Total Energy Consumption (Note (1))	kWh	66.27	26.14
Intensity of Energy Consumption	kWh/employee	2.14	1.14

Note:

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

Water Conservation

Due to the Group's business nature, it does not produce or discharge any industrial wastewater. Yet, the office operations inevitably generate a small amount of domestic sewage which is discharged into the municipal sewage pipe network for treatment. As the Group only operates in commercial buildings, its water consumption and drainage are under the sole control of the property management service provider, therefore data for water usage cannot be obtained and this is not applicable for the Group to set a reduction target of water consumption. Nevertheless, the Group continues to promote water saving in the workplace. During the Year, the Group did not have any issues in sourcing water that is fit for purpose. Water is a precious resource, thus the Group understands the importance of treasuring water. If a leakage is found in the water supply facility, we will inform the property management company immediately for arranging maintenance and inspections. The Group recognises that raising employees' awareness of water-saving is essential for effective water conservation and therefore continuously promotes water-saving awareness and practices to employees to reduce water waste, such as turning off the tap when it is not in use.

ENVIRONMENTAL PROTECTION

GREEN OPERATIONS

While actively developing its business, the Group has been mindful of the importance of green operations and promoting the concepts of reducing paper consumption and waste at the source to its employees. Therefore, we have adopted different measures to integrate environmental protection concepts into our daily operations and build a comprehensive enterprise that takes economic, environmental and social aspects into account.

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

RESPONDING TO CLIMATE CHANGE

Climate change and carbon emissions are some of the most urgent global environmental problems. The issues are attributable to different sectors of the community. Although the Group has not found any significant climate change related risks which were relevant to its business, we have always adhered to the policy of prevention and preparedness at all times. The Group also understands the severity of global warming, and has formulated corresponding response management measures for preventing and reducing losses that may occur under extreme weather brought by climate change, such as typhoons and flooding. Based on the response management measures, the Group will establish an emergency leading group when necessary. The leading group will be responsible for coordinating various departments in carrying out emergency work and delivering early alerts to employees through coordination and communication mechanisms as soon as possible in a bid to ensure the safety of employees. For example, the Group will adopt special working arrangements in anticipation of extreme weather conditions. We will allow employees to take leave and stay home. For those who are in the office, they can also leave earlier for safety. The Group also regularly conducts fire evacuation drills and reviews the current evacuation plans. In the future, the Group will continue to review policies, regulatory updates, technological developments and market trends in global and business operating areas, so as to identify the climate-related risks which may possibly affect the Group's finance and business and respond with corresponding measures.

CORPORATE SOCIAL RESPONSIBILITY

EMPLOYMENT AND LABOUR PRACTICES

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

During the Year, the Group had a total of 32 employees (2020: 23). The composition of the Group's employees is as follows:

Employment Indicators	2021 Number of employees (Percentage)	2020 Number of employees (Percentage)
By Employment Type		
Full-time	32 (100%)	22 (96%)
Part-time	0 (0%)	1 (4%)
By Gender		
Female	13 (41%)	6 (26%)
Male	19 (59%)	17 (74%)
By Employee Category		
Senior Management	4 (13%)	5 (22%)
Middle Management	8 (25%)	8 (35%)
Frontline and Other Employees	20 (63%)	10 (43%)
By Geographical Region		
Mainland China	29 (91%)	20 (87%)
Hong Kong	3 (9%)	3 (13%)
By Age Group		
Aged 18–25	3 (9%)	2 (9%)
Aged 26–35	11 (34%)	5 (22%)
Aged 36–45	16 (50%)	13 (57%)
Aged 46–55	2 (6%)	3 (13%)
Aged 56 or above	0 (0%)	0 (0%)

CORPORATE SOCIAL RESPONSIBILITY

Practices on Recruitment Process

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

During the Year, a total of 11 employees left the Group (turnover rate: 34%). All of them are employees from the PRC (2020: a total of 8 full-time PRC employees; turnover rate: 35%). The employee turnover rate of the Group by different categories is as follows:

Turnover Rate Indicators	2021	2020
By Gender		
Female	23%	67%
Male	42%	24%
By Age Group		
Aged 18–25	100%	0%
Aged 26–35	36%	120%
Aged 36–45	13%	15%
Aged 46–55	100%	0%
Aged 56 or above	0%	0%
By Geographical Region		
Mainland China	38%	40%
Hong Kong	0%	0%

CORPORATE SOCIAL RESPONSIBILITY

Practices on Remuneration and Promotion

The Group offers a clear career pathway and competitive salary for employees to attract and retain talents. For the aspects of career promotion, internal transfer and career development, the Group has established the Management System for Job Positions to provide a clear perspective and direction regarding the career progression of employees, as well as optimising human resources. We conduct staff assessment regularly, evaluating employees' work performance, execution ability, communication and coordination, and teamwork ability. The Group arranges promotion and demotion based on employees' assessment performance, occupational development planning, position vacancies, professional integrity and other factors. The Group gives priority to internal promotion, then considers external recruitment, providing a broader development path for employees. In terms of remuneration, the Group has established a remuneration management system. We conduct remuneration review and adjustment annually with reference to factors such as the employee's position, job performance and capabilities, as well as the market pricing to motivate employees to improve their work efficiency and make continuous contributions to the Company.

Interests and Benefits of Employees

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

VOCATIONAL TRAINING AND DEVELOPMENT

In order to promote the sustainable development and efficient operations of the Group, the Group firmly believes that enhancing the working ability of employees is the key to business development and is therefore committed to nurturing talent. The Group has formulated and organised internal trainings annually to enhance the professional skills and working ability of the employees. The training topics of the Year include financial leasing law, business processes and related systems. Moreover, the Group has in place the Management Measures on New Employee's Training to help new employees better understand their job responsibilities, tasks and goals, as well as familiarising themselves with the Group's standard operational procedures. We offer training to newly joined employees which includes an introduction to the Company, attendance and performance management measures, code of conduct, the document writing, finance and risk control systems. The Group will arrange additional training for employees according to business needs and encourage them to participate in symposiums and sharing sessions organised by external organisations in order to enrich their professional knowledge. We also conduct performance reviews according to the employees' positions to unearth their potentials and provide promotion opportunities to employees with excellent performance.

CORPORATE SOCIAL RESPONSIBILITY

During the Year, 11 employees had been trained for a total of 55 hours (2020: 5 employees were trained for 10 hours in total). The training-related data of the Group are as follows:

Training	2021		2020	
	Average Training Hours per Employee (Hour)	Percentage of Trained Employee (%)	Average Training Hours per Employee (Hour)	Percentage of Trained Employee (%)
By Gender				
Male	1.3	26	0.5	24
Female	2.3	46	0.3	17
By Employee Category				
Senior Management	1.3	25	1.2	60
Middle Management	1.9	38	0.0	0
Frontline and Other Employees	1.8	35	0.4	20

HEALTH AND SAFETY

As a responsible employer, the Group strictly complies with laws and regulations related to occupational health and safety, including but not limited to the Law of the PRC on Work Safety, the Law of the PRC on the Prevention and Control of Occupational Diseases and the Occupational Safety and Health Ordinance (Cap 509 of the laws of Hong Kong), in order to provide a safe working environment for incumbent employees. The Group has prepared emergency management measures in accordance with relevant regulations, which set out the procedures and measures in case of emergency so that the respective responsible persons would be able to respond to emergencies in a timely manner. The Group also ensures that employees participate in fire drills organised by the office property management, prohibits employees from lighting cigarettes in workplace, and raises their awareness of fire safety. The Group continues to maintain work-related injury insurance for all employees in accordance with the Social Insurance Law of the PRC. In view of the recurring COVID-19 pandemic, the Group has formulated an office prevention and control plan and adopted a series of prevention and control measures, such as regular disinfection of the office, body temperature check of employees entering the office and reducing the number of on-site meetings. The Group has also promptly informed employees of the latest prevention and control policies of the municipal government and provided employees with disease prevention materials such as masks and alcohol to safeguard the health of employees and reduce the risk of infection. During the Year, the Group is not aware of any material breach of the laws and regulations related to safe working environment, and there were no work-related fatal accidents or injuries.

Health and Safety	2021	2020	2019
Work Related Fatality (case)	0	0	0
Work Injury Cases >3 Days (case)	0	0	0
Work Injury Cases ≤3 Days (case)	0	0	0
Lost Days due to Work Injury (day)	0	0	0

OPERATING PRACTICES

SUPPLY CHAIN MANAGEMENT

The Group has established relevant procurement management requirements in strict accordance with the relevant laws and regulations such as the Contract Law of the PRC and the Bidding Law of the PRC, following the principles of openness, fairness, impartiality, honesty and credibility, and scientific selection by merits to implement procurement policies and control procedures. We require that the procurement plan must include at least two suppliers' quotations and proposals for a comprehensive and objective comparison and centralised assessment. The assessment results and comparison analysis will undergo multiple reviews and approvals before procurement can be formally implemented. The Group's supply chain mainly involves services related to transportation and administration. Although the environmental and social risks involved in the supply chain are relatively low, the Group will strictly review the service suppliers' environmental performance, health and safety performance, reputation, cost, service scope and service quality during the selection process. The selected suppliers must comply with all local and international laws prohibiting bribery, corruption and other unethical business practices. We give priority to suppliers with internationally recognised standards certifications for environmental and social risk management, as well as to local suppliers or suppliers who locate in closer geographical locations or have access to more convenient transportation to reduce carbon footprint. We also require suppliers to provide samples for review to verify that their service quality meets the requirements. For entrusted service suppliers, we will track and monitor their performance and progress. When the supplier's behavior is found to be inconsistent with our policies, we will suspend their service until the situation improves to ensure that the service quality meets the requirements, thereby optimising the supply chain management. During the Year, the Group has 3 suppliers in total, which are from Shanghai, Shenzhen and Hong Kong, respectively (2020: 3 suppliers).

SERVICE QUALITY

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

CUSTOMERS FIRST

We strive to provide efficient and customised finance leasing services to our customers. Through establishing a diversified customer base and strong customer relationships as well as deepening our industry knowledge within each targeted industry, we are more attentive to our customers' needs and are able to tailor our finance leasing services based on their financing conditions to better serve our current and potential customers. In addition, through providing advisory services, we study and analyse the respective business and financial management models of the customers, as well as the overview and prospects of the industries in which our customers operate to provide tailor-made solutions to satisfy their business needs and enhance customers' satisfaction. Clients' feedback on service quality is also collected for continuously improving our services. In order to handle client complaints in a timely manner, the Group will analyse its clients' feedback and carry out remedial and preventive actions promptly, as well as investigate the root causes thoroughly and carry out evaluation. During the Year, the Group did not receive any complaints related to its services provided (2020: 0 case).

OPERATING PRACTICES

RESPECT FOR INTELLECTUAL PROPERTY AND PRIVACY PROTECTION

The Group understands the importance of protecting and enforcing our intellectual property rights. Being respectful of others and protecting our intellectual property rights, the Group strictly abides by the laws and regulations relating to intellectual property rights, including but not limited to the Trademark Law of the PRC and the Trade Marks Ordinance (Cap 559 of the laws of Hong Kong). To safeguard the Group's intellectual property rights, we require our employees to keep all information relating to the transactions, operation, management, technology and skills confidential during their employment and after their departure. In addition, prior approval shall be obtained from the Group before any third parties use our trademarks, so as to avoid any infringement of the Group's exclusive right. The Group also specifies that its computer system must use authorised software and does not allow employees to install computer software without permission to ensure that it does not infringe the intellectual property rights of others.

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

ANTI-CORRUPTION

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

OPERATING PRACTICES

Moreover, the Group has developed Policy and Procedures for Employees Raising Possible Improprieties which are dedicated to establishing a proper channel for employees to voice out their concerns, in particular, those related to possible improprieties in financial reporting, internal control, risk management and other matters. Employees of all ranks can report any inappropriate or unethical behaviors to the responsible manager by phone, email or letter while the identity of whistleblowers will be kept confidential. The Group will take all necessary steps and reasonable remedial measures once the reported conduct is verified. The policy stipulates that a committee involving independent non-executive Directors be formed to investigate any concerns raised by the employees, monitor the investigation progress and determine the follow-up actions. During the Year, the Group arranged an anti-corruption training for directors and senior management. The training topic revolved around the code of business conduct, bribery and the directors' code on gifts and hospitality, in order to enhance the ethical and integrity awareness of the directors and senior management.

During the Year, the Group was not involved in and did not notice any incident of violation of anti-bribery or anti-corruption related laws and regulations and there is no concluded legal case regarding corrupt practices brought against the Group or its employees.

COMMUNITY INVESTMENT

The Group attaches great importance to corporate social responsibility and regards the prosperity and stability of society as a cornerstone of its development. To this end, the Group actively supports charitable projects and public welfare activities. We also encourage employees to participate in volunteer activities and make charitable donations, while comprehensively enhancing employees' sense of social responsibility. The Group will strive its best to fulfill its responsibility and mission as a corporate citizen and give back to society.

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ESG Indicators	Summary	Sections	Page/Explanation
Environmental			
A1: Emissions			
General Disclosure	Information on:	Emissions	7
	(a) the policies; and	Management	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	Waste Management	8
	relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Responding to Climate Change	10
A1.1	The types of emissions and respective emissions data.	Emissions Management	7
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	Emissions Management	7
A1.3	Total hazardous waste produced and intensity.	Waste Management	8
A1.4	Total non-hazardous waste produced and intensity.	Waste Management	8
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions Management	7
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.	Waste Management	8
A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources	8–9
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources	8–9
A2.2	Water consumption in total and intensity.	Use of Resources	8–9
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources	8–9
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.	Use of Resources	8–9
A2.5	Total packaging material used for finished products and with reference to per unit produced.	Not applicable	The Group's operations do not involve any use of packaging materials

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ESG Indicators	Summary	Sections	Page/Explanation
A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Use of Resources Green Operation	8–9 10
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Use of Resources Green Operation	8–9 10
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.	Responding to Climate Change	10
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.	Responding to Climate Change	10
Social			
B1: Employment and Labour Practices			
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, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment and Labour Practices	11–13
B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment and Labour Practices	11–13
B1.2	Employee turnover rate by gender, age group and geographical region.	Employment and Labour Practices	11–13
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.	Health and Safety	14
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety	14
B2.2	Lost days due to work injury.	Health and Safety	14

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ESG Indicators	Summary	Sections	Page/Explanation
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety	14
B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Vocational Training and Development	13–14
B3.1	The percentage of employees trained by gender and employee category.	Vocational Training and Development	13–14
B3.2	The average training hours completed per employee by gender and employee category.	Vocational Training and Development	13–14
B4: Labor 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.	Employment and Labour Practices	11–13
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment and Labour Practices	11–13
B4.2	Description of steps taken to eliminate such practices when discovered.	Employment and Labour Practices	11–13
B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	15
B5.1	Number of suppliers by geographical region.	Supply Chain Management	15
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.	Supply Chain Management	15
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	15
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	15

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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.	Service Quality Customers First Respect for Intellectual Property and Privacy Protection	15 15 16
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable	The Group's operations do not involve products
B6.2	Number of products and service related complaints received and how they are dealt with.	Customers First	15
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Respect for Intellectual Property and Privacy Protection	16
B6.4	Description of quality assurance process and recall procedures.	Not applicable	The Group's operations do not involve products
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Respect for Intellectual Property and Privacy Protection	16
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.	Anti-corruption	16–17
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.	Anti-corruption	16–17
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption	16–17
B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption	16–17

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ESG Indicators	Summary	Sections	Page/Explanation
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.	Community Investment	18
B8.1	Focus areas of contribution.	Not applicable	Not a material topic in the materiality assessment
B8.2	Resources contributed to the focus area.	Not applicable	Not a material topic in the materiality assessment