

# VCREDIT Holdings Limited 維信金科控股有限公司

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

Stock Code: 2003

# 2023

## Environmental, Social and Governance Report



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# Preparation Basis of the Report

## About the Report

This is the sixth Environmental, Social and Governance Report (ESG Report) released by VCREDIT Holdings Limited (hereinafter referred to as “the Company”) which systematically discloses ESG policies, measures and key performances of the Company and its subsidiaries in 2023 to all stakeholders.

## Reporting Period

This annual Report covers a period from January 1<sup>st</sup>, 2023 to December 31<sup>st</sup>, 2023 (hereinafter referred to as “the Reporting Period”). However, some information herein is not within the Reporting Period.

## Reporting Scope

Information in this Report covers the Company and its subsidiaries. Unless otherwise stated, the scope of key performance in this Report is the same as the annual Report of the Company. As a majority of revenue comes from the mainland of China, this Report focuses on the ESG performance of the Company's Shanghai Headquarters and other subsidiaries.

## Titles in the Report

For the convenience of presenting and reading the Report, the Company and its subsidiaries are together shortened as “VCREDIT”, “the Group” or “We”.

## Reporting Standards

This Report is prepared based on the *Environmental, Social and Governance Reporting Guide* of the Stock Exchange of Hong Kong Limited (SEHK), the *Sustainability Reporting Standards* issued by the Global Reporting Initiative (GRI), and the United Nations Sustainable Development Goals (SDGs) to make a comprehensive and objective disclosure of the Group's ESG performance.

## Reporting Principles

Drafting of this Report follows the principles of Materiality, Quantitative, Balance and Consistency with respect to defining what should be reported and how it shall be reported.

### Materiality

This Report is produced based on the communication with and participation of stakeholders through a complete procedure of identifying, exploring and analyzing material issues in order to ensure its high relevance and importance.

### Quantitative

Key performance indicators (KPIs) in this Report refer to the calculation methods or standards under the *Environmental, Social and Governance Reporting Guide* of SEHK, and the statistical calibers are disclosed.

### Balance

This Report objectively reveals the Group's ESG performance without selective disclosure.

### Consistency

This Report reserves KPIs from the previous year but has optimized the settings by including more key indicators. Explanations are available in such cases.

## Information Source

Information and cases disclosed in the Report come from the Group's official documents, statistical reports, original records or public information, and have been reviewed by its internal departments.

## Financial Data

Financial data in this Report are all stated in the unit of RMB.

## Report Release

This Report is released online, and can be accessed on the official website of VCREDIT (<https://en.vcredit.com/en-us>) or the website of SEHK.



# About VCREDIT

## CEO's Message



Since its establishment in 2006, VCREDIT has dedicated itself to creating value for customers, society, employees, and partners while fulfilling its ESG responsibilities. In 2023, we made significant strides in “sustainable management” and further integrated the ESG concept into our business development. We formulated an ESG strategy of “One Core, Two Engines and Three Focuses”, emphasizing the provision of reliable fintech services (One Core), leveraging technology and data (Two Engines), and fostering responsible, heartwarming, and sustainable governance practices (Three Focuses). We are committed to enhancing responsible governance, providing digital and intelligent fintech services, supporting employees’ career development, embracing green operations, and joining hands with all parties to create an open ecosystem, contributing our share to sustainable development.

**We strengthened responsible governance, complied with laws and regulations, and made steady progress.** VCREDIT has remained steadfast in the fintech sector, akin to a marathon requiring the establishment of a secure and stable system for fintech services to ensure high-quality development. Embracing this principle of long-term growth, we have been optimizing internal governance responsibilities and prioritizing compliant operations as our lifeline. We have been strengthening both internal and external risk controls, and enhancing our risk management system. We place significant emphasis on business ethics, actively refining institutional arrangements and policies.



**We remain dedicated to offering digital and intelligent financial services with heart while prioritizing the protection of consumers' rights and interests.** Our commitment “Financial services at your fingertips” has never wavered. Through well-designed, secure, and highly efficient digital and intelligent financial services, we aim to provide our users with the most considerate experience possible. By adopting a customer-centric approach, we can more effectively address their needs and concerns. We continuously engage with users through various channels, enhancing customized services and experiences to better align with their requirements. The protection of consumers' rights and interests is paramount to us, reflected in the establishment of both a Consumer Rights Protection Committee and an Information Security Management Committee. This way, we are able to better safeguard consumers' interests.

Technology advancement is the key orientation. We have executed a strategy centered around leveraging digital and intelligent technology to enhance the efficiency and user experience within the financial services landscape. In 2023, the launch of VOS, VCREDIT's core business system, significantly bolstered our R&D capabilities. We also developed a robust framework, including the implementation of “AI+” tools such as smart office and smart customer service. These advancements not only propelled our own business development but also empowered external collaboration institutions, contributing to the digital transformation of the industry. Moreover, the introduction of the Xuanyuan Business System and the Kunlunjing Intelligent Risk Control System in 2023 has been instrumental, with a number of external institutional partners adopting these systems.

**We have consistently fulfilled our responsibilities as employers by treating our employees with sincerity and care.** At VCREDIT, we adhere to an employment philosophy that “putting people first, matching talents to fitting positions”, thereby fostering a competitive and cohesive team. We have implemented practices to cultivate a stable, diverse, equal, inclusive, and standardized workplace, safeguarding the legitimate rights and interests of our employees while promoting their physical and mental well-being. Furthermore, we provide support for employees to advance their careers through diversified and customized training programs, KPIs, and promotion systems. Our commitment to employee development is evident through initiatives such as the implementation of the first employee engagement survey in May 2023, aimed at better understanding their concerns. This survey has fostered trust and mutual understanding between the Group and its employees, a relationship that we are committed to nurturing and strengthening in the future through continued interaction and collaboration.

**We have actively promoted sustainable and green development while fostering collaboration to build a thriving ecosystem.** Recognizing the significant impact of daily business operations on the global environment, we have prioritized initiatives to make our business operations greener and digitize our operations, leveraging our technological capabilities. Our efforts have yielded positive outcomes in reducing energy consumption and emissions. Moreover, we have proactively addressed climate change by implementing and enhancing a climate change management system, evaluating its impact, and implementing appropriate countermeasures. Our open-minded approach

has facilitated partnerships and collaboration with stakeholders from diverse backgrounds. We have supported small and micro-sized enterprises, optimized supply chain management, and enhanced cooperation and communication with industry peers. Additionally, we have increased our involvement in philanthropic projects focused on rural development, elderly care, education, public services, and other areas, contributing to the creation of value within an inclusive ecosystem.

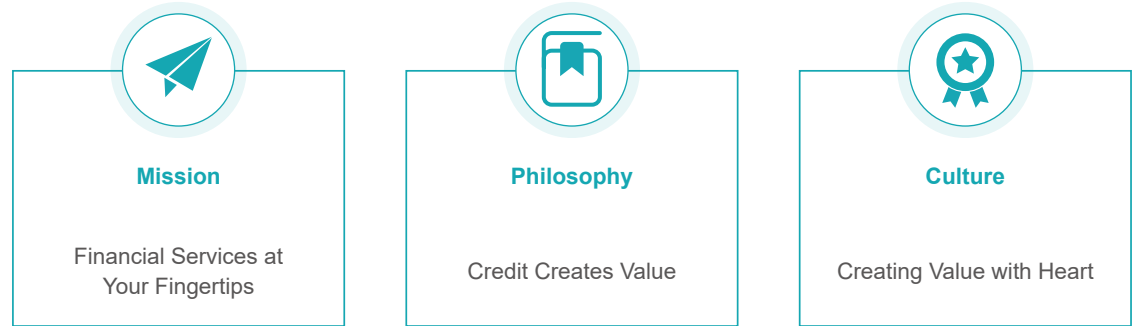
The integration of commercial value and social value has always been a core principle at VCREDIT. We envision fintech as a force for good, and “sustainable business operations” are central to our advocacy. Through continuous breakthroughs and innovative solutions, we aim to position ourselves as a trusted fintech brand, benefiting shareholders, customers, employees, and society as a whole.

VCREDIT CEO

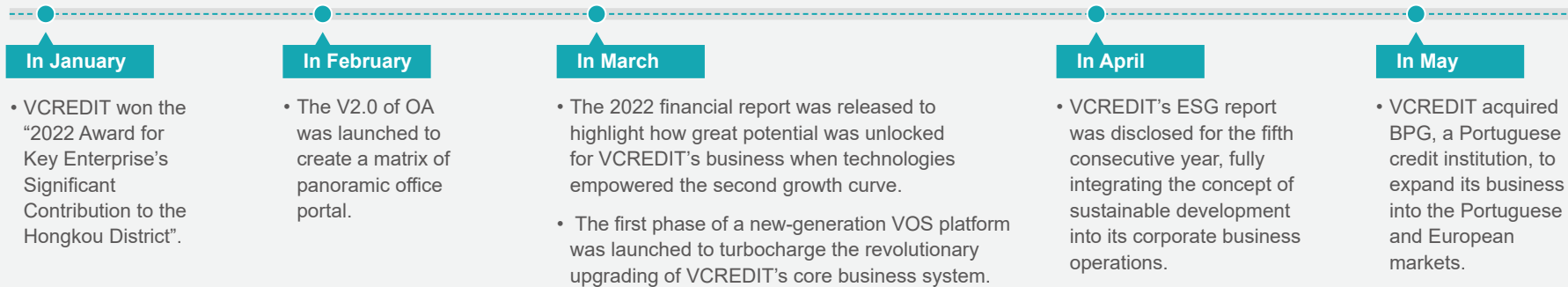


## Group Overview

VCREDIT is one of the leading fintech platforms in China, driven by a mission “Financial services at your fingertips”. With 17 years of dedicated technological innovation and expertise, the Group established an advantage in the credit risk quantification and intelligent risk management industry, which are the core of financial services. VCREDIT’s proprietary “Hummingbird” risk management platform and smart lending robot offer cutting-edge integrated solutions tailored for licensed financial institutions and credit applicants. These innovations enable the delivery of personalized and accessible fintech services to underserved borrowers throughout China. VCREDIT made its debut on the main board of the Hong Kong Stock Exchange on June 21<sup>st</sup>, 2018, under the code of 2003.HK.



## 2023 Annual Review of VCREDIT’s Achievements



**In June**

- The second phase of VOS, VCREDIT's core business system, was launched, and the platform strategy entered a new stage.
- The text-based customer service system of "Bailing" was launched to upgrade personalized customer services.
- The Information Security Management Committee was formally established to optimize the network security management and the technology system.
- VCREDIT joined the Data Security Committee of the Shanghai Internet Society, jointly building a data security ecosystem.
- The Consumer Rights Protection Committee was formally established to step up the protection of consumers' rights and interests.

**In July**

- VCREDIT was recognized as a "Multi-national Corporate R&D Center" by the Shanghai Municipal Commission of Commerce.
- The intelligent office assistant "Smart VCREDIT" was initiated to facilitate the AI+ office application.

**In August**

- The 2023H1 financial report was released revealing steady performance and business growth with a total of 136 million registered users.
- Its business system operated smoothly with no failure for 365 days, and technological innovation reached new heights.
- Wuying Cloud system was deployed to consolidate the intensive and extensive defense system for network security.
- It launched an agricultural assistance program in cooperation with the China Rural Revitalization Foundation Shanpin Commune.

**In November**

- The Chief Executive of Hong Kong SAR led a delegation to Shanghai and invited CEO Mr. Liu Sai Wang Stephen together with other Hong Kong business representatives to a meeting.
- It was enlisted as the "Top 100 Shanghai Enterprise in Software and IT Service Industry 2023" by the Shanghai Municipal Commission of Economy and Informatization.

**In October**

- We effectively fulfilled our responsibilities as a main player in the fight against organized crimes and addressed the first case in which consumers were abetted to seek improper protection by the illegal agent.

**In September**

- VCREDIT participated in the "Symposium on Preparedness for the Protection of Undermined Rights in Internet Finance Cases" in Shanghai, jointly cracking down on the illegal and gray business of the industry.
- It contributed to rural revitalization and offered student aids in Qiubei County, Wenshan Prefecture, Yunnan Province.
- It won the title of "2023 Excellent Unit on Guard against Cyber-attack" in the Hongkou District.
- It launched a new online consumer finance brand of "CreFIT" in Hong Kong, incorporating the concept of "safeguarding the health of credit business" into product design with the help of technology and promoting diversified business operations.

**In December**

- Its CPC party branch joined hands with the counterpart in the Foreign Trade Trust to launch a program of reviewing the history of Shanghai and building a bridge of cooperation.
- It was praised as the "Top 50 Shanghai Internet Company for General Capabilities" by the Internet Society of Shanghai.
- It won the title of "Excellent Blue Team in Panshi Operation 2023" which was an attack-defense drill of cybersecurity.
- The case of the "Interface Security Governance of VCREDIT's Risk Control System" was selected into the "Compilation of API Governance Application Cases (2023)" by the China Academy of Information and Communications Technology.




## Awards in 2023

### Technology Awards

Shanghai Municipal Commission of Commerce

Multi-national Corporate R&D Center



Shanghai Communications Administration

Excellent Blue Team in *Panshi Operation* 2023



Branch of Cyber-security of Hongkou Sub-office to Shanghai Public Security Administration

Excellent Unit on *Guard against Cyber-attack* in Drills in Hongkou District 2023

21<sup>st</sup> Century Business Herald

Outstanding Innovative Fintech Company 2023

Time-Weekly

Award for Empowering Financial Institutions with Technology

Financial Service Office of the Huangpu District, Shanghai

Award for Empowering Financial Institutions with Technology

National Business Daily

Outstanding Fintech Company of the Year 2023

Sichuan Association of Fintech

Title of *Fintech Service Provider & Digital Financial Service Provider in Special Scenarios*

### General Awards

Shanghai Municipal Commission of Economy and Informatization

Top 100 Shanghai Enterprises in Software and IT Service Industry 2023



People's Government in Hongkou District, Shanghai

Award to Key Company for Special Contribution in Hongkou District 2023



Internet Society of Shanghai

Top 50 Shanghai Internet Companies for General Capabilities



### ESG Awards

National Business Daily & SynTao

Chief Responsible Officer 2023

01 Think Tank

Special Brand Award for ESG Practices and Benchmark Cases

Beijing Business Daily

Annual Award for the Contribution to Public Welfare

Chengdu Microfinance Association

Best Risk Control Award Award for Outstanding Social Contribution

Zhitongcaijing

The Most Socially-Responsible Listed Company

Jiemiancaijing

ESG Green Finance Award of the Year 2023

### Awards for Credit Services

Sichuan Association of Microcredit

Grade-A Microcredit Company 2020-2021

Sichuan Association of Microcredit

Outstanding Microcredit Company in Sichuan Province 2022

Chengdu Microfinance Association

AA-Grade Microfinance Company

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## Performance Highlights<sup>1</sup>


### Environmental

	Total greenhouse gas emissions (Scope 1 + Scope 2) <b>805.17</b> Tonnes of CO <sub>2</sub> Equivalent	Greenhouse gas emission intensity <b>22.55</b> Tonnes of CO <sub>2</sub> Equivalent/100 million yuan
	Total waste emission <b>67.53</b> Tons	Waste emission intensity <b>1.89</b> Tons/ 100 million yuan
	Gasoline consumption <b>35,277.00</b> Liters	Gasoline consumption intensity <b>9.88</b> Liter/ million yuan
	Electric consumption <b>1,271,334.00</b> kWh	Electric consumption intensity <b>356.17</b> kWh/ million yuan
	Tap water consumption <b>6,763.00</b> Tons	Tap water consumption intensity <b>1.89</b> Tons/ million yuan

### Social

	Total employees <b>856</b> Persons		Total employees trained <b>5,553.0</b> Person-times
	Same-day response rate to customer complaints <b>100</b> %		Satisfaction of customer service <b>98</b> %
	Average time for customer complaints to be settled <b>2.42</b> Days		Percentage of settled customer complaints <b>100</b> %
	Total amount contributed to communities <b>402,924.20</b> Yuan		Total time contributed to communities <b>1,556</b> Hours

### Governance

	Number of concluded legal cases regarding corrupt practices <b>0</b> Case
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<sup>1</sup> For detailed ESG key performance data, please refer to Appendix 1, Table of KPIs.



# ESG Management

## ESG Governance

### Board Statement

The Board of Directors highly values the supervision over ESG affairs. As the supreme decision-maker of ESG management, the Board is responsible for supervising ESG performance of the whole Group, ensuring the existence and execution of proper and effective management policies.

The Board is optimizing the ESG governance. The Consumer Rights Protection Committee and the Information Security Management Committee were put into place by the Shanghai Headquarters to comprehensively coordinate the protection of consumers' interests and information security within the Group and in various business lines. This way, the ESG policy has been executed to its full<sup>2</sup>.

The Board regularly examines key ESG action plans, and hosts at least one discussion over ESG policy, measures and performance at the board meeting every year. The executive team regularly reports to the Board the ESG progress and KPIs.

## ESG Strategy

VCREDIT as a fintech enterprise fully leverages its platform and technological advantages to facilitate sustainable development which weighs heavily on ESG. In 2023, VCREDIT systematically reviewed its ESG practices and its correlation with all stakeholders to update. After that, it established a new ESG strategy of "One Core, Two Engines and Three Focuses" based on the corporate development strategy.

We believe that trustworthiness is the cornerstone on which we can establish a highly reliable and stable fintech service platform for the benefit of all stakeholders. Technology and data serve as a pair of engines powering the development of its business and the whole industry. Social problems can also be properly addressed with the help of technologies. Three focuses of VCREDIT, responsibility, heartwarming services and sustainability, contribute to protecting the global environment in the long run and to improving the financial ecosystem. We are very committed to improving responsible fintech services on offer and updating our internal governance so as to become a more heartwarming employer and member to the

community. Being aligned with the core framework of ESG which embodies the environmental, social and governance factors, they run through our business visions, designs and action goals on all levels.



<sup>2</sup> Please refer to the Chapter of *Protection of Consumers' Rights and Interests* for more information about duties and deliveries of the Consumer Rights Protection Committee and the Information Security Management Committee.



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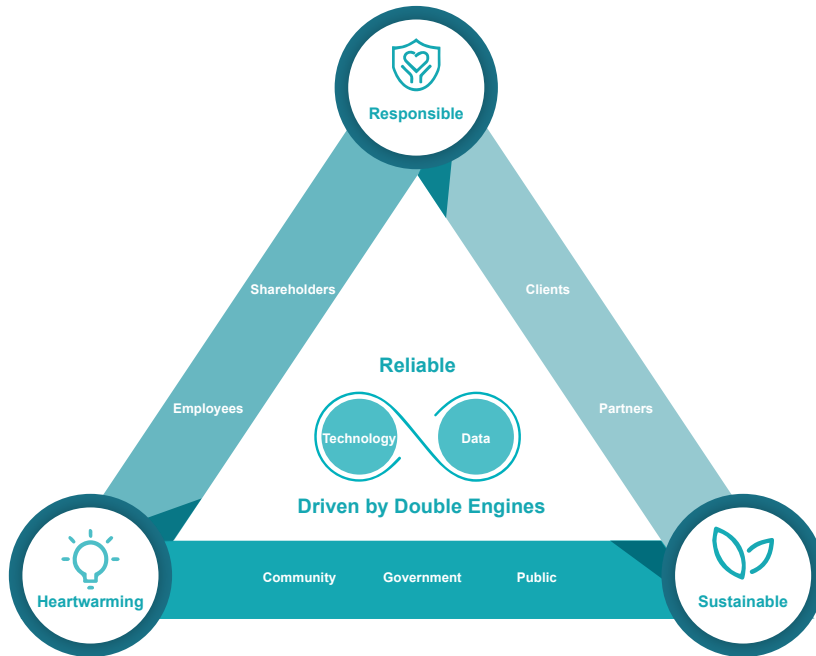
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### Responsible

- We provide responsible fintech services to continuously create and export value for our clients. — *Digital and Intelligent Financial Services*
- We emphasize responsible corporate governance, protect shareholders' rights and interests, and ensure quality development. — *Consolidation of the Responsible Governance*

### Heartwarming

- We are an employer that cares employees, and we create a heartwarming workplace for them. — *High Attention to Talent Development*
- We are a community member that cares about the development of the area, actively conveying our care and serving the community. — *Joint Efforts in Creating an Open Ecosystem*

### Sustainable

- We, as part of the green Earth, pursue green operations and contribute to low-carbon development. — *Champion of Green Development*
- We contribute to the industry and join forces to build a sustainable development ecosystem. — *Joint Efforts in Creating an Open Ecosystem*

During the reporting period, we introduced and improved many institutional policies and fixed execution details based on this ESG strategy, continuously enhancing the ESG management system and boosting its efficacy. Positive early-stage results are recorded and will be disclosed later in this Report.



## Identification and Analysis of Material Issues

Since the identification and analysis of material issues is a fundamental basis of ESG management, we initiated three procedures to identify, explore and analyze material issues during the reporting period in order to better understand the impact of our business on the economy, the society and the environment. This is how we managed material issues in a systematic manner.

### Procedures for the Management of Material Issues



Identification

During the reporting period, we not only observed the *Environmental, Social and Governance Reporting Guide* of SEHK, the *GRI Sustainability Reporting Standards*, and the United Nations Sustainable Development Goals (SDGs), but also followed up with external policies and regulatory requirements, analyzed characteristics of the financial industry and its mainstream, as well as collected information about peer practices. Based on the features of our own business, 16 material topics highly relevant to the Group's sustainability were identified and selected out.



Exploration

Anonymous questionnaires were handed out as a way to broadly engage internal and external stakeholders in communication for the aim of better understanding their concerns and requirements. Their feedback greatly helped us clarify the impact of 16 material topics on stakeholders. Respondents to this survey are stakeholders of major importance, such as shareholders, investors, the government and regulatory agencies, customers, employees, community representatives, NGOs, cooperation partners, suppliers, media outlets and the general public.



Analysis

After internal and external stakeholders provided their feedback, we consulted ESG experts to break down the information as shown in the matrix below, demonstrating the distribution of the importance of material topics from two perspectives, "importance to the Group's development" and "importance to shareholders". Following that, a list of material issues was produced. This Report takes this analysis result as the key reference for information disclosure.

## Analysis Matrix and the List of Material Issues for VCREDIT



- |                         |      |   |
|-------------------------|------|---|
| High-Materiality Issues | ● S6 | Information Security and Privacy Management |
|                         | ● S7 | Fintech Innovation                          |
|                         | ● G2 | Operational Compliance                      |
|                         | ● G4 | Business Ethics                             |
|                         | ● S4 | Customer Service Quality                    |
|                         | ● S5 | Responsible Product Marketing and Labeling  |
|                         | ● G1 | Corporate Governance                        |
|                         | ● G3 | Risk Management                             |

- |                           |       |                                       |
|---------------------------|-------|---------------------------------------|
| Medium-Materiality Issues | ● S2  | Employee Health and safety            |
|                           | ● S3  | Employee Development and Training     |
|                           | ● S1  | Employment and Diversity              |
|                           | ● S10 | Industry Partnerships and Development |
|                           | ● S9  | Community Investment                  |
|                           | ● E1  | Green Operations                      |
|                           | ● S8  | Supplier Management                   |

- |                       |      |                           |
|-----------------------|------|---------------------------|
| Low-Materiality Issue | ● E2 | Addressing Climate Change |
|-----------------------|------|---------------------------|

● Social issue (S)    ● Governance issue (G)    ● Environmental issue (E)



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Appendices



## Communication with Stakeholders

Fully recognizing the importance of communication with stakeholders, we approached all parties proactively. Concerns and interests from the side of stakeholders were timely collected with VCREDIT's operation model and business characteristics being considered. Communication and collaboration were initiated regularly through multiple channels to ensure proper response to their concerns and interests.

### Communication Channels and Concerns for Stakeholders

● Social issue (S) ● Governance issue (G) ● Environmental issue (E)

Stakeholder	Main Communication Methods and Channels	High-Materiality Issues								Medium-Materiality Issues							Low-Materiality Issue
		Information Security and Privacy Management	Fintech Innovation	Operational Compliance	Business Ethics	Customer Service Quality	Responsible Product Marketing and Labeling	Corporate Governance	Risk Management	Employee Health and Safety	Employee Development and Training	Employment and Diversity	Industry Partnerships and Development	Community Investment	Green Operations	Supplier Management	Addressing Climate Change
Shareholders and investors	<ul style="list-style-type: none"> <li>General meeting of shareholders</li> <li>Periodical reports</li> <li>Investor communication</li> <li>E-mail correspondence</li> <li>Company website, WeChat official account, application</li> </ul>	✓	✓	✓	✓			✓	✓								
Government agencies and regulators	<ul style="list-style-type: none"> <li>Periodical reporting</li> <li>Supervision and inspection</li> <li>Visits and reception</li> <li>Exchanges and seminars</li> <li>Information disclosure</li> </ul>	✓	✓	✓	✓			✓	✓					✓	✓		
Clients	<ul style="list-style-type: none"> <li>Company website, WeChat official account, application</li> <li>Client service</li> <li>Client visits</li> <li>Industry conferences</li> <li>Project cooperation</li> </ul>	✓	✓			✓	✓		✓								
Employees	<ul style="list-style-type: none"> <li>Compensation management</li> <li>Employee training</li> <li>Employee activities</li> <li>Employee communication</li> <li>Employee engagement surveys</li> <li>Complaint/appeals channels</li> <li>Party committee and labor union</li> </ul>								✓	✓	✓						
Community representatives & non-profit organizations	<ul style="list-style-type: none"> <li>Exchanges and visits</li> <li>Participation in social welfare activities</li> <li>Public welfare program cooperation</li> <li>Information disclosure</li> </ul>													✓	✓		✓
Partners and suppliers	<ul style="list-style-type: none"> <li>Supplier assessment</li> <li>Project cooperation</li> <li>Company website, WeChat official account, application</li> <li>Industry communication and exchange activities</li> </ul>		✓		✓	✓			✓			✓				✓	
Media outlets	<ul style="list-style-type: none"> <li>Media interviews</li> <li>Media events</li> <li>Media releases</li> <li>Media cooperation</li> </ul>	✓			✓		✓							✓			
The public	<ul style="list-style-type: none"> <li>Company website, WeChat official account, application</li> <li>Participation in social activities</li> </ul>	✓					✓							✓	✓		✓



# Consolidation of Responsible Governance

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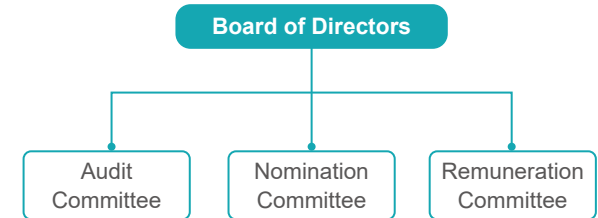
# Corporate Governance

## Governance Structure

A modernized organization structure was established as we strictly observed laws, regulations and normative documents such as the *Cayman Islands Companies Law*, the *Companies Ordinance* in the Hong Kong region of China, the *Company Law of the People's Republic of China* and the *SEHK Listing Rules*.

The Board assembled an Audit Committee, a Nomination Committee and a Remuneration Committee while assigning responsibilities and fixing details of execution accordingly. All committees report its work to the Board of Directors.

### Governance Structure of VCREDIT



## Board Diversity

Diversity in the Board of Directors does matter. The incumbent members are equipped with rich experience and proper educational backgrounds to make decisions and address problems efficiently. The Nomination Committee recommended experienced and qualified non-male candidates to the Board for the balance of gender. Ideally, it will appoint one non-male member to the Board no later than the end of 2024. There were 7 directors including 3 independent directors to the Board by the end of 2023.

### Members of the VCREDIT Board of Directors

Name	Gender	Age	Position
Ma Ting Hung	Male	60	Executive Director and Chairman
Liu Sai Wang Stephen	Male	56	Executive Director and Chief Executive Officer (CEO)
Liu Sai Keung Thomas	Male	51	Executive Director and Chief Operating Officer (COO)
Yip Ka Kay	Male	59	Non-executive Director
Chen Derek	Male	48	Independent Non-executive Director
Chen Penghui	Male	52	Independent Non-executive Director
Fang Yuan	Male	46	Independent Non-executive Director





# Compliance and Risk Control

## Progress of Compliant Operation

The *VCREDIT Measures for Compliant Risk Control* and the *VCREDIT Measures for Legal Affairs* were established, and we strictly abide by the regulations for licensed institutions such as the *Regulation on the Administration of Credit Investigation Industry* and the *Regulation on the Supervision and Administration of Financing Guarantee Companies*. These set up an institutional system for compliant management comprising both the fundamentals and supportive details aiming at making the concept of compliance management run through all links including decision-making, execution, supervision and feedback. Compliance policies and rules are updated and perfected in accordance with the dynamics and changes in laws and regulations and in consideration of the Group's business progress.

A mechanism crafted to review new rules, procedures, products, business lines and suppliers helped standardize the execution of major projects and prevent emerging compliance risks. In such a mechanism, all newly established projects could be executed only when they are evaluated to be compliant.

## Compliance Review Procedure



The department responsible for some new projects engages the Internal Control and Compliance Department into the project preparation team and facilitates reviewers to better understand the background and progress for investigation and project review.

The responsible department presents a preliminary opinion on necessity and feasibility and seeks professional opinions from other business units.

After the responsible department initiates a compliance review procedure in the OA system, the reviewer makes written comments in a timely manner in OA according to which the responsible department revises the project proposal.

After the compliance review, the responsible department starts to execute the project. During the process of execution, the responsible department is expected to regularly check risk points, which is complemented by periodic and non-scheduled checks conducted by the Internal Control and Compliance Department. Findings have to be closed to ensure compliant progress.

When a project is closed or if it is to be terminated due to major risks or product adjustment, it is necessary to observe the operation manuals of departments and business units concerned.

## Compliance Training

Four sessions of training instilled knowledge and information about compliance in credit investigation in employees in 2023. They learned how to conduct investigation and declaration as well as how to handle disputes in credit investigation. These training sessions aim to raise employees' awareness to deliver credit compliance, boosting their working capabilities and better guarding against risks in credit investigation.





## Strengthening of Risk Control

To better control risks, we established a Risk Management Committee constituted of board directors. Duties of the Committee mainly include reviewing the organizational structure of risk control, plans and strategic goals, performance evaluation, risk reports, etc.

Two focuses are: risk management in internal control, and control over risks in credit services.

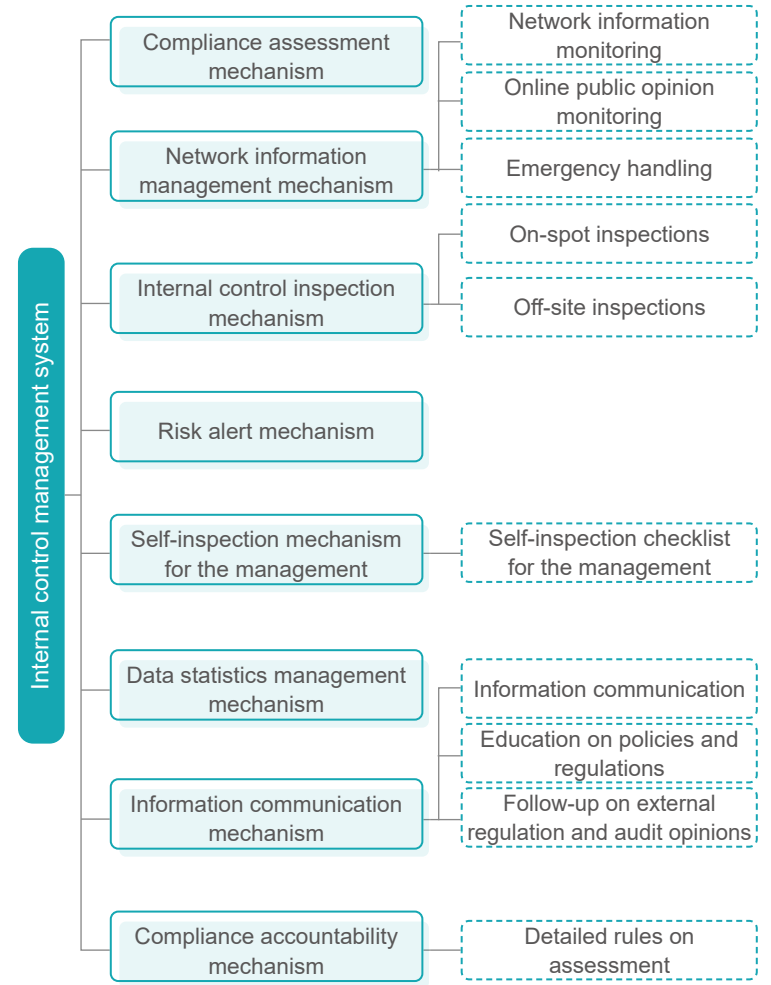
### Risk Management in Internal Control

The *VCREDIT Measures for Internal Control* and the *VCREDIT Measures for Credit Risk Control* were formulated according to laws and regulations including the *Audit Law of the People's Republic of China* and the *Audit Regulations for Internal Control of the People's Republic of China* to standardize VCREDIT's internal control, effectively identifying, preventing and lowering internal risks, supporting standardized internal control risk management and transparent operation.

We set up an Internal Control and Compliance Department specifically for this purpose. It is independently accountable for the overall assessment and audit of the Group's business and IT system, and conduct pre-prevention, in-process control, post-supervision and adjustment of risks and inefficiencies.



### Structure of Risk Management with Respect to Internal Control in VCREDIT





### Mechanism to Identify Risks in Internal Control

#### Inspection of internal control

The Internal Control and Compliance Department has three tools, on-spot inspections, off-site inspections and monthly reports.

#### Risk alert

Risk points identified by employees in daily work can be reported to the liaison person in the Internal Control and Compliance Department, or be notified to the department or business unit as well as the supervisor concerned. The Internal Control and Compliance Department shall follow up with the case.

#### Self-inspection for the management

All departments and business units within the Group draft a checklist of self-inspection for the management and submit it to the Internal Control and Compliance Department.

### Control over Risks in Credit Services

VCREDIT built a risk-management and control team to efficiently identify, assess, respond to, monitor and control risks in credit services.

In the meanwhile, we independently develop intelligent systems and tools to empower risk control in credit services.



#### Hummingbird Risk Management Platform

VCREDIT's proprietary cloud-based Hummingbird Risk Management Platform utilizes big data and cloud computing together with eight critical risk control engines to evaluate the applicant's credit risks and rapidly make proper decisions in certain scenarios. What it can also do is to ensure data security and support convenient service experience for financial institutions and customers, therefore building up VCREDIT's core competitiveness in quantification of credit risks, intelligent risk control and many other sectors related to fintech services.

#### Eight Key Risk Control Engines



Interception Engine



Anti-fraud Engine



Big Data Engine



Portrait Engine



Scoring Engine



Rule Engine



Decision-Making Engine



Machine Learning Engine



# Business Ethics

Business ethics constitute one of our top priorities. We strictly follow laws and regulations, actively practicing the business ethics and fulfilling the responsibilities of a fintech financial institution.

Anti-fraud: We introduced internal policies in the *VCREDIT Measures for Anti-fraud* which standardize occupational behaviors of executives and general employees, aiming to prevent any behaviors undermining the interest of the Group and its shareholders including but not limited to corruption, bribery and fraud. A step forward is the establishment of an Anti-fraud Office under which there are a Secretariat and a Supervision Division, both responsible for preventing anti-fraud cases. The purpose is to ensure full functioning of the anti-fraud mechanism.

Anti-money laundering (AML) and anti-terrorist financing: We drafted the *VCREDIT Measures for AML and Anti-terrorist Financing* which clearly stipulate duties and management scope for every department and business unit in the internal control system. The whole Group, its departments and business units all included, has effectively raised awareness of AML and anti-terrorist financing.

Improvement to the procedure of whistle-blowing and how cases are received and processed is of great importance if a company is to live up to business ethics. We have made many whistle-blowing channels, such as hotline, email and correspondence, available for employees at all levels together with any parties directly or indirectly engaged in economic relations with the Group to report or provide information about cases in which the Group and/or its employees actually violate(s) or is/are suspected of breaching the business ethics. To provide better protection for the whistle-blowers, the Group stipulated in its policies how they shall be strictly secured from any forms of illegal discrimination and retaliation. Investigators should also be shielded from hostility and malicious opposition.

## How to Report Fraud Cases

Email: [neikong@vcredit.com](mailto:neikong@vcredit.com)

Hotline: 021-60351879

## Procedures of Handling Anti-fraud Whistle-blowing Cases

Real-name whistle-blowing against general employees and the middle management team (including executives of its holding companies) shall be reported to executive directors of the Board within two working days after the Secretariat receives the report.

Anonymous cases against general employees and the middle management team (including executives of its holding companies) shall be reported to executive directors of the Board only after the Secretariat and the Supervisory Division give a green light based on preliminary evaluation results.

Whistle-blowing against senior executives shall be reported to executive directors of the Board within two working days after the Secretariat receives the case. And it is the executive directors of the Board who shall decide to conduct further investigations.

Executive directors of the Board can engage auditors from third parties or other institutions into the investigation in consideration of the severity of the case.

We insisted on organizing training sessions on business ethics at different levels. In 2023, we enhanced employee awareness of business ethics in the systematic training of anti-fraud, anti-corruption, anti-bribery and anti-unfair competition.

During the reporting period, there was no concluded legal cases regarding corrupt practices brought against the Group or its employees.



# Digital and Intelligent Financial Services

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# Provision of Considerate Services

## Improvement in Service Availability and Accessibility

We adhere to the mission of achieving “Financial services at your fingertips”, and empowering financial institutions with technology to enlarge their customer base. With more financial services reachable in communities, we can further improve and broaden the coverage of the multi-layered financial provision system.

We’ve resorted to technologies to help licensed financial institutions contact a wider range of customers especially the under-served middle-low income groups of young graduates, new urban citizens, blue-collar workers, deliverymen and farmers. This way, we can better meet their requirements in fully accessing financial services.

In addition, we actively expanded our business to Hong Kong and overseas market. With a core focus on “safeguarding credit health”, VCREDIT launched CreFIT in Hong Kong in 2023, a localized brand of consumer finance based on our understanding of Hong Kong’s consumer credit market and the current technical advantages. This product has been highly recognized for its emphasis on customer experience and received a rating of 4.6 out of 5 on the AppStore. In the international market, VCREDIT acquired Banco Português de Gestão, S.A. (BPG), a credit institution registered with the Bank of Portugal, thereby entering Portugal and the wider European market.



### Helping Young Customers to Overcome Difficulties in Starting a Business

Customer Zhang worked as a front-end engineer after graduation. However, he switched to another track and tried to start his own business without full preparation in 2018. His young age and lack of experience put him in impediment and even built up debts. Fortunately, Customer Zhang tried again and found a stable and decent job that he was excellent at after accessing funding support from VCREDIT.

— *I will wait patiently for other opportunities to open up in some sector and hopefully will cooperate with you at that time.*



### Supporting Farmers to Weather the Crisis

Farmer Wang had a poor harvest in some year and did not possess enough funds to purchase seeds for the next year. When he was at a loss, his fellow villager recommended the professional service of VCREDIT. Although he was worried about the convenience of accessing VCREDIT’s services on his smartphone, he still reached out to VCREDIT for consultation at a hotline. Upon receiving a reply to his satisfaction, Wang successfully submitted his application with the help of the fellow villager, and secured funds to weathered the crisis.

— *I no longer felt overwhelmed by debt, instead, I regained my confidence and courage.*





## Optimization of Customer Experience

The Management System of Customer Services was put into place in strict accordance with the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* and the *Labor Contract Law of the People's Republic of China* in order to centralize the management and analysis of customer information so as to better design products and experience. This is a case of example testifying our high attention paid to the efficiency and quality of customer services.

The quality of customer services together with a better product experience were warranted thanks to a robust management system for the whole procedure. It has enabled the Group to provide high-quality services in every link, greatly beefing up service quality and customer satisfaction mainly in the following aspects:



- Analysis of customers' requirements**

We investigated the market, interviewed customers and broke down collected data to better understand their needs, aspirations and pain-points.
- Product design and development**

After incorporating the analysis results into design, we developed competitive products & services and underwent multiple rounds of trials before the debut. Feeding test results into the loop, we optimized products and improved their quality. With a specific withdrawal mechanism of defective products in place, internal evaluation was rapidly conducted any time when some issues were identified, followed by a withdrawal plan and more efforts to close the findings.
- Optimization of service procedures**

We consolidated and optimized the current service procedures, raising the efficiency and shortening the waiting time.
- Training and evaluation**

Regular training programs were provided to equip employees with knowledge and skills in professionally providing excellent services.
- Follow-up with feedback and improvement**

Channels were set up to collect customer feedback, suggestions and advice in a timely manner. Responding to their concerns, we addressed problems and made improvements.
- Technological support and innovation**

We leveraged advanced technological tools such as big data and AI to improve the quality of customer services and product experience.
- Risk control and compliance**

Timely identification, evaluation and countermeasures to potential risks guaranteed the compliant nature and safety of corporate business.
- Cross-unit collaboration and communication**

The collaboration and communication between business units were strengthened to ensure progress in customer services and product development.

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### Optimization of the Access to Customer Service for DD Cash

Customer's experience in using the app of DD Cash was greatly improved in many aspects in 2023. Responding to the concern that some found it difficult to rapidly reach out to the service staff, we optimized the access by displaying info in various scenarios and sending a pop-up when users made a screenshot. The optimized product made user experience much better, reducing negative feedback on this issue by 10%.



### Upgrading of Online Bailing

In 2023, we fully upgraded the Online Bailing, a self-developed customer service system based on text. This newly launched system prioritized whatever customers were interested in the most and enabled self-service functions including checking the account, repaying loans, obtaining and uploading certificates. Moreover, the optimization of data management module becomes possible by learning from customer profile and sensitivity, which resulted in higher efficiency of customer services.



### Intelligent Customer Service with Higher Efficiency

At the dawn of an AI era, VCREDIT is committed to innovative applications of big data and AI, for example, activating intelligent customer services including the automatic summary and a smart robot with professional background.

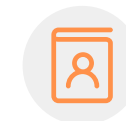
The VCREDIT automated summary of customer service which disrupted the conventional models in which summaries are drafted by human saves time of the service staff and improves the service efficiency by automatically producing standard summaries based on communication. By the end of 2023, this intelligent function, launched in October 2023, has been utilized more than 160,000 times.

The intelligent robot helps the service staff to deliver better performance in after-sales or sales scenarios. Not only would the problem posed by customers be addressed efficiently, but also the communication tricks can be improved based on customer feedback. As a result, a higher rate of satisfaction was registered. In 2023, we resorted to AI to address problems in 97% of cases.

## Heeding Customers' Concerns

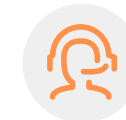
Communication with customers is of enormous importance because only when we take the perspective of customers, can we properly address their problems.

In terms of complaint and feedback channels for customers, we built an omni-channel system with a focus on developing easily accessible official platforms including the official website, the official account, and applications on which information about the hotline and email of customer service was quite visible. This facilitated customers to make complaints, provide suggestions and obtain feedback in time. In 2023, we served our clients 6,206,757 person-times among which 95% accessed staff service and the satisfaction rate was as high as 98%. Throughout the whole year of 2023, there were 763 calls praising our performance and 5 banners of honor presented to VCREDIT.



we served

**6,206,757** person-times



**95%** accessed staff service



the satisfaction rate was as high as **98%**



Throughout the whole year of 2023, there were

**763** calls praising our performance

**5** banners of honor presented to VCREDIT





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Same-day response rate to customer complaints

**100%**



Percentage of settled customer complaints

**100%**



Average time for customer complaints to be settled

**2.42** days

Target for the next phrase: response and close rates on the day of customer complaints

**both reach 100%**

With respect to the mechanism of processing complaints, we formulated the *Institutional Arrangements for Processing Complaints in VCREDIT* in compliance with laws and regulations including the *Measures for the Administration of Handling Complaints from Banking and Insurance Consumers*, the *Measures for the Administration of Consumer Rights Protection of Banking and Insurance Institutions* and the *Implementation Measures of the People's Bank of China for Protecting Financial Consumers' Rights and Interests*, based on which services were customized and the complaint procedure optimized corresponding to a certain stage or the requirements/scenarios of different groups.

Thanks to our efforts to diversify and simplify the procedure of handling complaints and clearing hurdles, it has become much more efficient. Customers enjoy various channels to file complaints, such as

hotline, online customer service at the product app, and WeChat online service staff. After validating the customer's identity and collecting information of the complaint, we checked the facts and reached reconciliation within 5 natural days with the specific time required depending on the complexity of the case. If a customer indicates dissatisfaction, we will try other ways to help address issues to his or her satisfaction.

During the reporting period, all the cases of complaint we received were not only responded to on the same day but also fully closed. The average time required to address one case was 2.42 days. Our target for the next phase is to respond to and close all complaints on the same day when they are reported. Shortening the average days to handle cases would greatly encourage customers to use VCREDIT products and services.



### Handling Complaints and Addressing Customers' Difficulties with Considerate Services

VCREDIT received a complaint about negative credit history conveyed through a third-party in early 2023. Mr. Yu who fathered one of VCREDIT's customers made the complaint in hope of removing his son's negative record. However, Customer Yu declined any direct communication. A thorough investigation revealed that Customer Yu applied for loans in VCREDIT but the repayment was long overdue. VCREDIT made the payment on behalf of Customer Yu and recorded the fact in his credit report. Although the request of Mr. Yu and Customer Yu was not supported by the *Regulation on the Administration of Credit Investigation Industry*, VCREDIT still approached them with a detailed explanation about the importance of credit report. Customer Yu cleared the arrears after one month and the credit report was updated. This credit dispute was properly settled.



# Protection of Consumers' Rights and Interests

## Upgrading of Consumer Protection

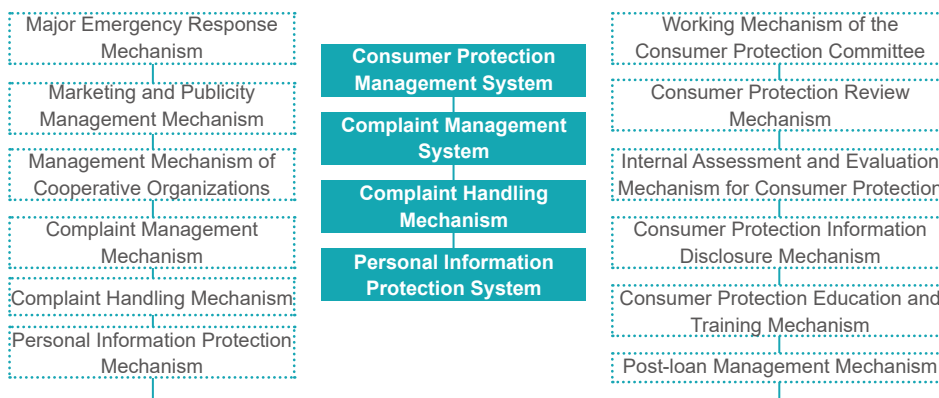
The protection of consumers' rights and interests becomes more significant with the rapid development of fintech. VCREDIT has always prioritized consumer rights and interests by creating a reliable transaction environment and ensuring full and effective protection of their legitimate rights and interests.

In June 2023, VCREDIT stepped up its consumer protection by announcing the establishment of the Consumer Rights Protection Committee (hereinafter referred to as the Consumer Protection Committee) in which the CEO serves as its chair. The Consumer Protection Committee coordinates all business lines within the Group and its affiliates, and explicitly framed consumer protection as a strategy. In addition, the Consumer Protection Committee identified several key points such as institutional arrangements, business integration, internal and external awareness campaign and anti-illegal business. With consistent input to optimize its product and service, consumers' experience and satisfaction rate were both improved.

### Institutional Arrangements



We strictly observed laws and regulations including the *Implementation Measures of the People's Bank of China for Protecting Financial Consumers' Rights and Interests* and the *Measures for the Administration of Consumer Rights Protection of Banking and Insurance Institutions* to protect the rights and interests of consumers, and timely updated the corporate institutional arrangements by drafting and revising the protection system and mechanism with more cases being incorporated. In 2023, we erected a "4+12" system and polished four sets of fundamental institutional rules over consumer protection, resolution of disputes and protection of personal information. 12 mechanisms were effective in warranting business operations with respect to the review of consumer protection, disclosure of consumer protection information, post-loan management, promotion and publicity. Corporate campaigns concerning consumer protection were delivered in a more systematic manner in all aspects.

"4+12" System to Protect Consumers in VCREDIT



### Business Integration

Embedding the concept of protecting consumers' interests into every link of its business, VCREDIT ensured the alignment with this goal in all phases, ranging from the design and development of product and service to business operations.

Product 	Business operations 
<p>We introduced such protection into product design. Details were polished including optimizing autonomous authority management of users, updating user privacy agreements, and enabling real-time inquiry of how the feedback is processed. By doing so, we delivered concrete results in protecting customers' legitimate rights and interests including the right to know, the right to privacy and the right to information security.</p>	<p>The Company strictly delivered on the institutional arrangements of better protecting consumers' rights and interests. We made business and activities more compliant and transparent. In addition, the whole process of pre-loan, in-loan, and post-loan services was better managed. Post-loan services in particular deserve our high attention. We better protected information security, upgraded the business system and initiated diversified dispute solutions in an effort to more effectively protect consumers. A lot of positive results have been recorded as a result.</p>

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## Internal and External Awareness Campaign

With an intention of diverting more attention of consumers to the protection of themselves as well as raising their awareness of finance security, we enthusiastically passed on the knowledge and skills of consumer protection and helped them better understand finance. Rational borrowing is what we advocate for.

In terms of sharing information and knowledge of consumer protection, we touched our targeted customers through our official website, official account, product apps and media partners. Real-world cases and knowledge of credit investigation, anti-fraud and anti-illegal business that were easy to understand were presented and shared in online courses and columns. This is how we made online awareness campaigns more targeted with a wider coverage. Since its debut, the column of consumer protection released 95 articles by the end of 2023, and over 300 posts were disseminated with the help of the promotion matrix.

As for the popularization of financial knowledge, the product app initiated 15 financial classrooms in 2023 which recorded 117,490 views. And this is what we did last year to share knowledge and information about finance in a professional manner and how we helped financial consumers be more rational with loan.

In the meanwhile, VCREDIT took serious measures to develop internal education campaigns and raise employees' awareness of consumer protection. We organized lectures, training and exams inside the Group on institutional arrangements and knowledge of consumer protection. As a result, employees' awareness was greatly elevated. We designed thematic interviews in periodicals circulating inside the Group, encouraging employees to take videos of what they were doing in daily routine. Together with the knowledge competition, employees' awareness was so enormously boosted.

By the end of 2023, over  the column of consumer protection released **300** posts were disseminated with the help of the promotion matrix

**95** articles

## Anti-illegal Business

Cases of customers defending their rights infringed upon by illegal agent have become rampant online in recent years. Illegal agents charge sky-rocketing fees for consultation and services from borrowers who attempt to evade, reduce or even be exempted from debts. In some cases, borrowers are instigated to fake evidence, which severely undermines the legitimate interests of consumers.

This is why VCREDIT stepped up its compliance and internal control, standardizing business procedures and building up its capabilities of monitoring, cautioning against, preventing and responding to illegal activities. In the meanwhile, it has been closely cooperating with peers from the industry and the police force, such as the *Alliance of Anti-illegal Behaviors in Financial Sector*. In addition, it collected and reported clues of infringement, assisting the police force in cracking down on such crimes.



### VCREDIT's First Case of Cracking Down on Illegal Agent

In the second half of 2022, the criminal suspect Xu induced borrowers to escape the repayment responsibility and imposed pressure on VCREDIT. The malicious claim on the ground of compromised mental state was as high as tens of thousands. We gathered clues and suspected that Xu was actually an illegal agent pretending to be a family member. The requests were not at all legal business. We immediately reported to the police. Xu was arrested in Jiangsu in August 2023 and confessed his sins. In October 2023, Xu was convicted of the offense of extortion by blackmail, and thus we closed the first illegal agent case.

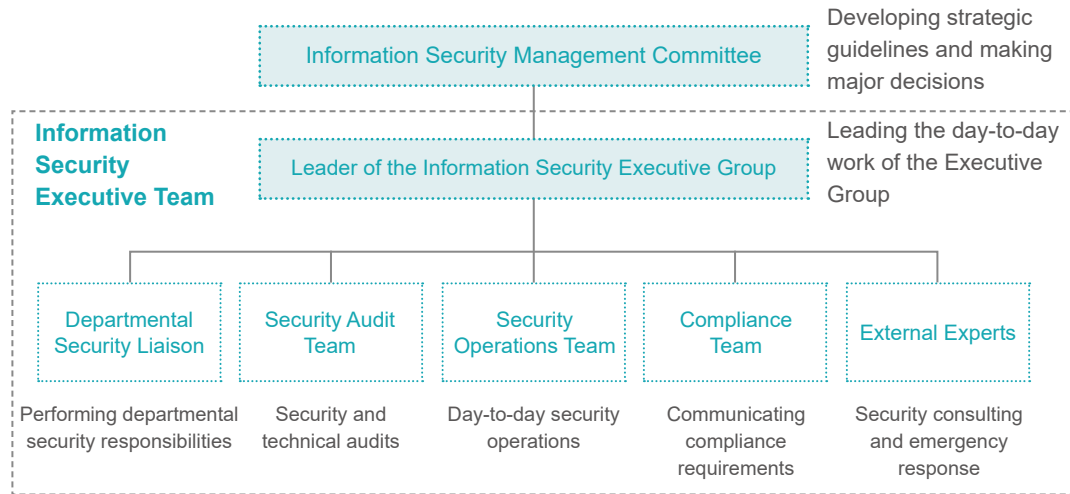


## Efforts to Ensure Information Security

Information security tops the priority list in VCREDIT. We built on our efforts to enhance cybersecurity and consolidate the firewall. We formulated and enacted the *Measures for Data Extraction*, the *Measures for the Application of Big Data*, the *Information Security Strategy*, the *Measures for the Protection of Personal Information* and the *Measures for the Management of Personal Information Security Events* in VCREDIT while strictly abiding by the *Cybersecurity Law of the People’s Republic of China*, the *Data Security Law of the People’s Republic of China*, and the *Personal Information Protection Law of the People’s Republic of China*. In 2023, we updated the user privacy policy to outline details about how the Group shall collect, use, store and protect user information.

In 2023, we announced to establish an Information Security Management Committee and structured a robust information security management framework while further improving the information security management procedures so as to ensure efficient operation with respect to information security. In this way, personal and corporate information are better protected.

### Structure of the Information Security Management Committee



### Customers’ privacy protection

For the better protection of customers’ privacy, we desensitize the information, initiate authority management and enact verification of identity. We assign different levels of authority to different roles and technical personnel. Furthermore, we review the authority setting annually and re-evaluate the authority granted to employees. Before providing consulting services, we initiate verification of customer’s identity in order to prevent his or her information from being acquired by others.

### Data security

We prioritize proactive security defense and resort to a multi-layered defense strategy. With the Wuying Cloud System being deployed, we created and consolidated a defense structure both intensive and extensive for the protection of server asset, business application system and customers’ data. In the meantime, we conduct a non-scheduled comprehensive examination of information system to ensure effective functioning while timely responding to information security risks. In addition, we engage professional third-parties to enhance the supervision and management of information system, maximizing the protection of information for all stakeholders.



The server is fully deployed with a host intrusion detection system with 100% coverage and 100% high-risk vulnerability repaired

Protective equipment such as Web application firewalls and next-generation firewalls has been deployed at the network boundary, intercepting over one million attack requests every month

Based on the zero-trust architecture, we conduct anti-virus and network access to monitor risks of office terminals



We enacted an automatic early warning response. Once abnormal behavior is detected, automatic alerts will be sent to the security operation team, and automated means will be activated to quickly respond to the challenge

We have classified data assets in collection, transmission, storage, use and other links for the purpose of more efficient management

We resort to the self-developed privacy and security platform to develop anti-fraud functions. Once we detect suspicious operations on the user side such as repeated switches/screenshots, abnormal microphone startup, etc., the user will be immediately alerted by pop-ups, text messages, manual intervention, etc., to prevent personal information and privacy from being stolen by third parties

## Cybersecurity Monitoring and Control System

VCREDIT built a system to monitor illegal transactions and gray areas which can automatically monitor and report data transactions possibly relevant to corporate business, and then information would be submitted to the security operation team for manual review. In 2023, the Group had neither data leakage nor cases of customer suffering financial losses due to data leakage.

As of the end of 2023, VCREDIT won many awards and honors in information security. Its DD Cash and Kaka Loan apps were certified as fintech products by the China Cybersecurity Review Technology and Certification Center. They were also recognized as mobile network apps with security and as being equipped with cybersecurity protection of Level III by the authority of public security. The Group is a member of the *Zhuoxin Big Data Program*, the *Business Security Promotion Program*, the *Software Supply Chain Security Laboratory* and the *Zero-trust Laboratory* initiated by the China Academy of Information and Communications Technology. We are also a member of the Data Security Committee of the Shanghai Internet Society and received many honors as the *Excellent Cybersecurity Team* in attack & defense drills of Shanghai *Panshi Campaign* and Hongkou *Cybersecurity Defense Campaign*.



## VCREDIT Delivered Outstanding Performance in the Cybersecurity Attack & Defense Drill of *Panshi Campaign* in 2023

The *Panshi Campaign*, a cybersecurity attack & defense drill for industries and the IT sector was co-hosted by the Shanghai Communications Administration together with the Municipal Cyberspace Office, the Municipal Commission of Economy and Informatization, the Municipal Administration of Public Security, the Municipal Education Commission and the Management Committee of Changxing Island in July 2023. VCREDIT assembled a defense security team which ranked ninth out of fierce competition participated by 160 peers from Shanghai thanks to its intensive and extensive cybersecurity defense system built a long time ago. It was awarded the title of *Excellent Blue Team*.





## Champion of Responsible Marketing

VCREDIT champions responsible marketing as a way to better protect consumers' legitimate rights and interests and to turbocharge the sound and robust development of its business. During this process, we strictly abide by the *Advertising Law of the People's Republic of China*, the *Measures for the Administration of Internet Advertising*, the *Measures for the Administration of Online Marketing of Financial Products*, and the *Convention on Self-Regulation of Marketing and Publicity Activities of Internet Finance Practitioners* so as to ensure compliance and law-abiding nature of the Group's marketing and promotion. In August 2023, we formulated the *Measures for Online Marketing and Promotion* to better standardize this process.

In 2023, VCREDIT launched a platform to audit and manage materials and content of marketing and promotion campaigns with a better review system in place. All marketing and promotion materials have to be preliminarily reviewed within the business unit and then have the authenticity checked by the legal team before being displayed online. And the legal team has to ensure that the responsibilities actually undertaken are no less than what is committed to by advertisement, materials and descriptions in marketing and promotion campaigns.

We clearly stipulate that marketing and promotion materials shall not include the following:

False, deceptive or misleading content.

Exaggerated performance records citing untrue, inaccurate or unverified data and information.

Taking the review or filing with the financial management department of the State Council as credit endorsement for promotion.

Other contents prohibited by laws, regulations, rules and normative documents.

In addition, the Group established a complete procedure to evaluate and respond to illegal marketing and promotion. If such cases were discovered, we would first of all designate a team to evaluate the severity of violation, identify the level of improper content, and impose corresponding punishment according to the violation severity upon the approval from the person in charge. During the reporting period, the Group recorded no violations of marketing and promotion.





# Efforts in Fintech Innovation

## Business Development Supported by Digital and Intelligent Technologies

VCREDIT has always upheld the strategy of empowering business development by digital and intelligent technologies with *Two Engines*. The combination of *technology + data* serves as the internal driving force for an intelligent platform on which fintech services are provided, together with higher efficiency and better experience in accessing services in financial scenarios.



### Establishment of a Digital and Intelligent Platform

Rapid business development necessitates higher attention to the digital and intelligent platform. We keep exploring possibilities of new technologies and models as well as optimizing the efficacy, safety and stability of business system so as to provide individual and institutional partners with fintech services of higher quality.

#### What we delivered in 2023:

<div data-bbox="280 756 495 971" data-label="Image"> </div> <p data-bbox="237 1013 539 1128">We introduced a new system architecture to provide convenient, safe and efficient fintech services.</p>	<div data-bbox="646 756 862 971" data-label="Image"> </div> <p data-bbox="603 1013 883 1163">This system efficiently and automatically translates business information into error-free financial information .</p>	<div data-bbox="1002 756 1218 971" data-label="Image"> </div> <p data-bbox="959 1013 1261 1163">We have raised the efficiency of resource management and configuration while maintaining the stability of IT environment.</p>	<div data-bbox="1358 756 1573 971" data-label="Image"> </div> <p data-bbox="1315 1013 1595 1099">We unified technical specifications to improve collaboration efficiency.</p>	<div data-bbox="1714 756 1929 971" data-label="Image"> </div> <p data-bbox="1670 1013 1972 1228">VCREDIT's routing system for withdrawal, VCREDIT's capital routing system, VCREDIT UI component library, intelligent risk control platform, automated testing platform, etc.</p>
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In 2023, the overall investment in VCREDIT's infrastructure exceeded 50 million yuan. It raised resource utilization rate by 15% thanks to key measures such as upgrading the overall architecture of network, database and middleware, applying new cloud-based products and technologies, building VCREDIT private cloud and retrofitting data center.



### Debut of a Brand-new VOS System and Upgraded Platform Strategies

VCREDIT insisted on incorporating the ESG concept into the R&D of products. In the second half of 2023, it launched a brand-new VOS system which pulls together general business competence based on the analysis of whole-procedure business capacities for existing products in order to standardize interfaces to access fintech services. User requirements and experience are another focus of VOS. It offers more convenient and highly efficient fintech services by optimizing interface design and making business configuration more timely and accurate. The result is higher satisfaction and more trust from customers.

## Embracing the Application of AI Large Models

Embracing the emerging AI large models, VCREDIT opened a new race track of digital and intelligent technologies in which it explores how to apply big data and AI large models in financial scenarios. In 2023, VCREDIT combined the large language model and special small model to apply AI in all business and office scenarios mainly in four dimensions, namely, smart credit, smart office, intelligent IT and supportive risk control.

In spite of the exciting results delivered by AI large models, there are also challenges in the application of large models in financial scenarios, which deserve our high attention, for example, data privacy protection, AI ethical issues, and business compliance. Faced with the challenges, VCREDIT upholds the principle of "addressing service challenges internally before providing services externally" that it will not directly work with customers in the short term. Instead, internal office efficiency and business operations capabilities have to be enhanced first so as to circumvent risks and make steady progress.



### Intelligent Office Assistant "Smart VCREDIT"

*Smart VCREDIT*, an intelligent office assistant, fully integrating the public domain knowledge of open source and VCREDIT's private knowledge bank, is able to understand the scenario and contextual dialogues. In addition, it can initiate interactive chats to automatically provide quick, precise and quality AI-generated answers to questions posed by employees in various positions such as writing articles, revising codes and answering financial and IT questions. This has effectively improved the efficiency of internal work and team collaboration.







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## Efficiently Empowering Financial Institutions

Due to the rapid development of digital technology, more licensed financial institutions turn their attention to making fintech services available to more individual consumers, therefore triggering technological demand for iteration and upgrading of their own business systems. Responding to this demand, VCREDIT has enhanced its cooperation with licensed financial institutions, empowering them with proper technologies. We produce highly efficient technological output and services of platform access so as to meet the technological requirements of the financial industry, contributing to its digital transformation. Thanks to the practices and technologies it has accumulated, VCREDIT has optimized its business system suitable for licensed financial institutions.



We've learned from communication that small and medium-sized financial institutions prefer greater flexibility and agility in cooperation models to a whole set of modules or being fully bound. Our customized services out of this observation enable tailored output in partial or all modules according to partners' technological requirements with respect to risk control, customer acquisition, technological application and business operations.



Optimized VOS and standard plug-ins on offer facilitate rapid access and reduce the time and capital invested in R&D by a large margin. As a result, our partners' technological capabilities are rapidly built up and upgraded.

<sup>3</sup> SaaS: Software-as-a-service, a model of software delivery over the Internet.



### Empowering Financial Institutions and Enhancing Business Management and Risk-Control Capabilities

In 2023, VCREDIT launched the Xuanyuan Business System and Kunlunjing Intelligent Risk Control System, together with a set of financial products based on SaaS<sup>3</sup>. Its most outstanding benefit is to effectively address the difficulty faced by small- to medium-sized banks and other financial institutions with respect to consumer credit by putting online the whole process ranging from credit extension to post-loan services. It supports to manage orders. With the systematic application of ML algorithms, this system builds big data models by analyzing online untrustworthiness records and institutional cooperation data. The established four-layered anti-fraud network reduces risks in credit business. This business system has been adopted by many financial institutions.

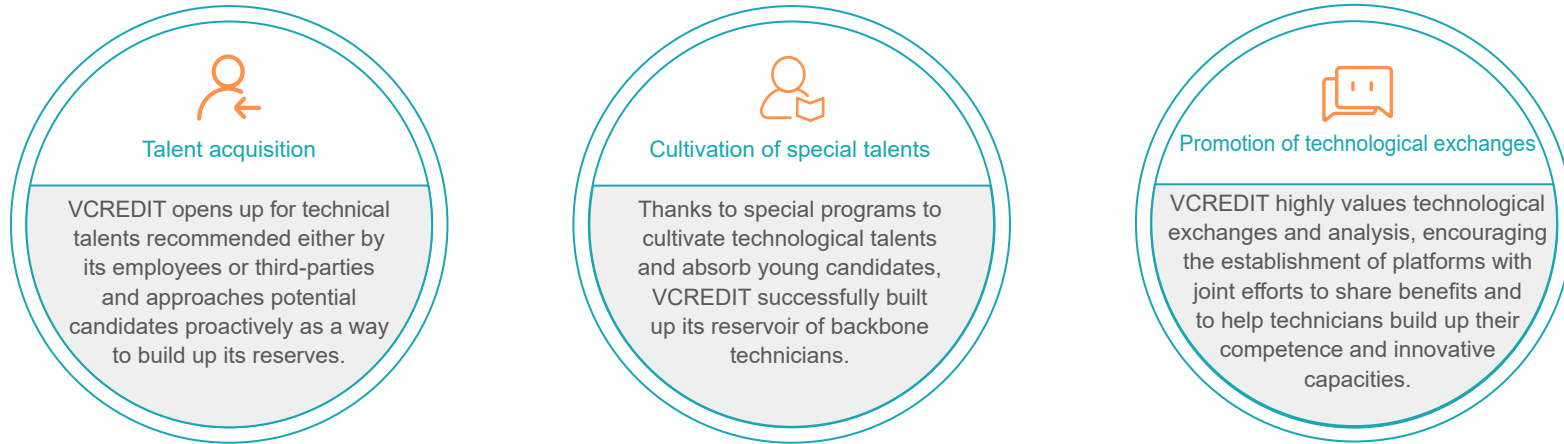




## Prioritization of Talent Cultivation

The cultivation of talents has always been critical for VCREDIT, a fintech enterprise. We built a system to nurture talents and key technicians as a way to support the R&D of the Group.

### VCREDIT System for the Development of Technological Talents



#### Program of *Technological Stars*

The program of *Technological Stars* was officially launched in 2023 to engage bachelors and masters as technological trainees from universities around the world for the purpose of producing technicians of P5/P6 within three years who are specialized in testing, O&M, project management, information security and algorithm models. Trainees are under the guide of technological mentors throughout the whole process and can benefit from the mechanisms of monthly exchanges, quarterly reviews, and the special promotion fast-track. In 2023, 9 graduates joined this program, followed by another 10 in 2024.



#### Creating a VCREDIT Community to Share Technologies

VCREDIT created a community to share technologies in 2023, an open virtual platform aiming to facilitate technical exchanges and mutual learning among developers. Members from departments and business units of R&D, O&M and testing can be engaged in free communication by publishing articles, sharing project experience or attending offline technical symposiums. With better technical skills and innovative capabilities, they contribute a lot to cross-team cooperation and communication.

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## Steady Improvement of Technological Productivity

In 2023, VCREDIT revised its IPR policies and management system in order to steadily uplift the innovative technological output while ensuring the commercial value by preventing IPR infringement. In accordance with the *Patent Law of the People’s Republic of China*, the *Detailed Rules for the Implementation of the Patent Law of the People’s Republic of China*, the *Trademark Law of the People’s Republic of China*, the *Implementing Rules of the Trademark Law of the People’s Republic of China*, the *Copyright Law of the People’s Republic of China*, and the *Anti-unfair Competition Law of the People’s Republic of China*, we formulated and enacted the *VCREDIT Measures for the IPR Management* in which there are chapters of general rules, patent management, trademark management, copyright management and appendixes. In such a comprehensive IPR management system, information about the definitions of patents, trademarks and copyrights, application and processing, utilization and transfer of license, asset evaluation and protection, is all included.

During the reporting period, VCREDIT optimized its internal patent evaluation and application mechanism in an effort to create a better environment for technological innovation.



### Optimize patent evaluation

We valued quality more than quantity and emphasizing on rewards rather than assessment arrangements. A mechanism was set up to award invention patents.



### Refine patent application procedure

We added more details to the procedure of patent application. The patent under application has to be selected in multiple rounds of screening by department leaders, the Internal Control and Compliance Department and the patent agencies. This is to ensure the quality of patent application submitted to the Patent Office of the China National Intellectual Property Administration and to raise the success rate.

By the end of 2023,

VCREDIT made

**38** new patent applications

pushed the total to

**63** cases

we have

**255** cases of registered computer software

and

**254** registered trademarks





## High Attention to Talent Development

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# Diversification of the VCREDIT Team

VCREDIT has always adhered to the employment philosophy of “putting people first, matching talents to fitting positions” and our commitment is to create a competitive and considerate team of great cohesion. We formulated and enacted the *VCREDIT Measures for Recruitment* and the *VCREDIT Employee Manual* while strictly abiding by the *Labor Contract Law of the People’s Republic of China*, and the *Regulations on the Implementation of the Labor Contract Law of the People’s Republic of China*. Our target is to create a diverse, equal and inclusive workplace and to establish a more trustworthy platform for employees to work and pursue career development.

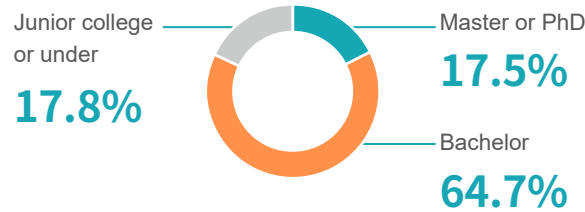
As of the end of 2023, the Group had 856 employees, an increase of 12.3% from the end of 2022, including 52.1% male and 47.9% female. We have 46.6% of employees aged no more than 30 and 45.2% between 31-40. Employees of different age groups contribute more diverse perspectives and abilities to promoting innovation and business development.

## KPIs of Employment and Loss of Employees in VCREDIT

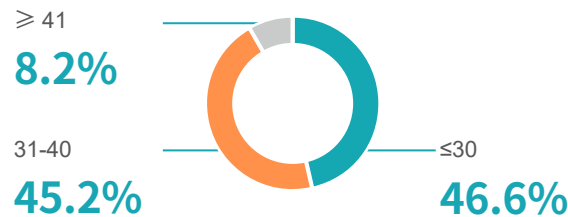
### Employees



### By education background<sup>4</sup>



### By age group



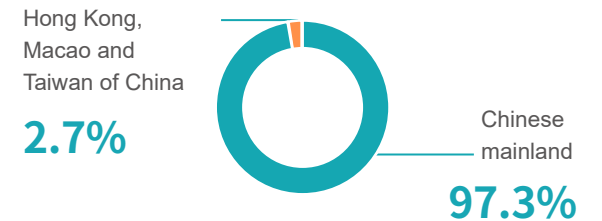
### By gender



### By employment type



### By geographical region<sup>5</sup>



<sup>4</sup> The category of education background was updated in 2023 with a system being introduced to manage education info. This helped set up a more reasonable HR system with respect to remuneration, promotion and training.

<sup>5</sup> The category of region was updated in 2023 to support business expansion strategy in Hong Kong, Macao, Taiwan market.



**Loss of Employees**

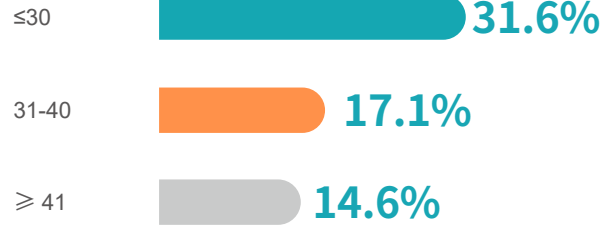
Employee turnover rate<sup>6</sup>

**24.4%**

By gender



By age group



By geographical region



We are committed to providing a stable, diverse, equal, inclusive and standardized workplace.

**Stable employment**

We actively responded to the strategic deployment to stabilize employment and made steady progress of recruiting fresh graduates. In 2023, 13 fresh graduates were enrolled. In addition, multiple measures were taken to control the loss of employees and ensure a stable team.

**Diversified enrollment**

Our employees are greatly diversified with respect to age, region, gender, religion, ethnic minority, background, experience, education and faith.

**Equality and inclusiveness**

We champion the principle of fairness and justice and we treat every employee equally under the same set of principles. Evaluation of employees' performance is fair and objective. No occupational discrimination of age, region, gender, religion or ethnic minority is recorded during the recruitment process.

**Standardizing labor employment**

We strictly observe the laws and regulations in terms of labor recruitment and management, strongly opposing any forms of child labor or forced labor. By the end of 2023, VCREDIT recorded zero cases of child labor, forced labor and labor disputes.

<sup>6</sup> To better review and evaluate our loss of employees, the following formula was adopted: the turnover rate = number of employees who left in a certain category during the period / (total number of employees of the category at the end of the period + number of employees who left in a certain category during the period). To ensure the comparability of data, adjustment was also made to data in 2021 and 2022 based on the new calculation method (for details see Appendix 1: table of KPIs).

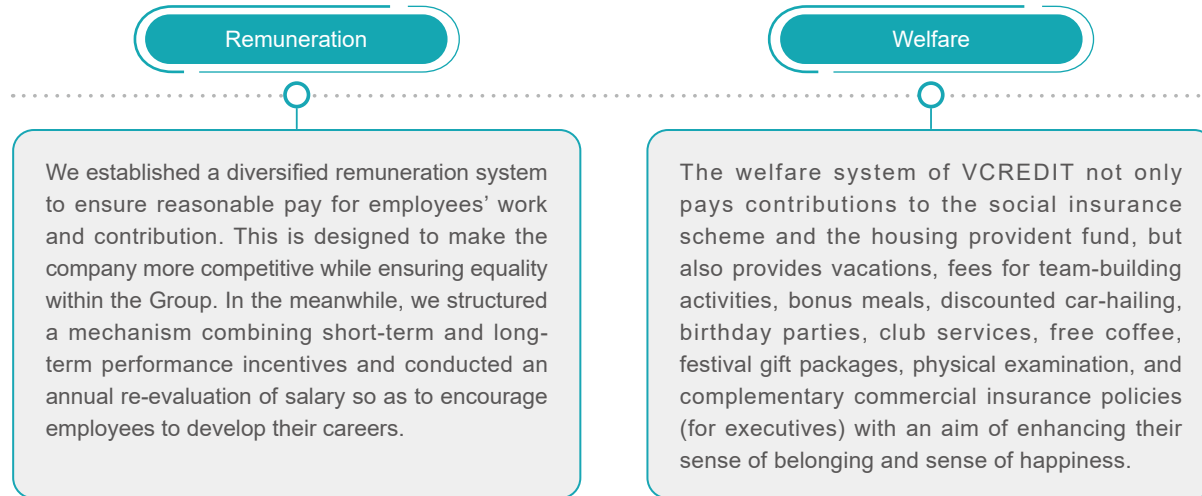


# Protection of Employees' Rights and Interests

## Talent Attraction and Retention

The Group is committed to improving its mechanism to attract and retain talents while fully protecting employees' rights and interests.

We put into place a competitive remuneration and welfare system.



We made great efforts to protect employees' rights to vacations and created a flexible and balanced mechanism in which they can enjoy flexible working hours and statutory holidays such as festival holidays, annual leave, sick leave, marriage leave, funeral leave, maternity leave, breadfeeding leave and parental leave. Special leaves are also provided when employees donate blood or when employees dispatched abroad plan to visit relatives. In 2023, we updated the *VCREDIT Measures for the Management of Attendance and Leave* which further improved the flexibility and applicability of the attendance and leave system. Internal policies and rules have been improved in a timely manner to ensure that employees can enjoy statutory holidays as prescribed by the state.

Employees' concerns and expectations, as one of our top interests, have been well responded to. This helped reassure employees and enhance their sense of belonging.



### Support for Talents to Settle in Shanghai

When Shanghai opened up for more talents in 2023, we noticed a strong intention and interest from qualified technical employees. Based on this observation, we coordinated internal resources and assigned specialists from the Human Resources Department to provide workday consultation to employees who planned to settle down and assist them in the application procedures. Based on statistics available for now, we have received 27 cases applied for settlement in 2023 including 14 cases of transferring household registration to Shanghai, 8 cases of students studying abroad, 3 cases of high-level talents, and 2 cases of fresh graduates. And in 2023, the Company closed 20 cases including 9 cases of transferring household registration, 6 cases for students studying abroad, 3 cases for high-level talents and 2 cases of fresh graduates. Supportive services for employees to settle in Shanghai were widely and warmly welcomed for VCREDIT effectively responded to their aspiration for stable career development.

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## Emphasis on Communication with Employees

The great importance of two-way unobstructed communication channels can never be stressed enough for they help pass on the latest of the Group to employees immediately and collect their feedback and concerns. We've put into place a network of diverse communication channels.



The intranet bulletin sets an announcement column to display the Group's profile, arrangements of employees' activities, the latest policies, rules and news of the Group.



Non-scheduled sessions of communication are organized to brief employees on the Company's HR policies and procedures, collect employees' suggestions and complaints, and discuss other welfare issues.



Employees can report to their direct supervisor or leaders on a higher hierarchical level, or file a written complaint to functional departments if they suspect unfair treatment, infringement upon personal interests, objections to the Group's operations and management team, or violations of the Group's policies.



Employees enjoy freedom of association. We have established a trade union to the corporate CPC party committee with a mission of safeguarding employees' rights and interests, caring for their needs, and effectively enhancing internal cohesion.



### 2023 Survey of Employee Engagement

In May 2023, the Human Resources Department conducted the first employee engagement survey to provide a reference for the Group to formulate evidence-based and reasonable policies. 587 valid questionnaires were collected back with an overall response rate of 88.8%, and the project team published the survey results which showed that employees had a general consensus on the key advantages of VCREDIT, including emphasis on talent development, practices of the "people-oriented" concept, strong execution capabilities, and a pragmatic and efficient style. The survey also identified items for improvement which deserve our great attention for they serve as an important basis for the optimization of the Group's management system.



#### Employees' Voice

*"The management team has a clear strategic direction and can effectively organize the manpower to carry it out. Many colleagues are goal-oriented in the process of completing their tasks."*

*"Generally speaking, any decisions made in the weekly strategic meeting by the supervisors will be executed the next day with a pretty high efficiency."*

*"The Company is willing to provide employees with various positions and encourage internal job rotations or adjustments so that employees can better tap their potentiality."*

*"Care for employees and their career development are prioritized in VCREDIT's considerations. It is people-oriented and has a good atmosphere."*

*"VCREDIT encourages mutual sharing and learning for the benefit of long-term career development of employees. An excellent platform is provided for such purposes."*







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The quarterly release of *VCREDITers*, an internal magazine, aims to share the Group's dynamic information in a humanized and warm way, conveying the philosophy and values, and serving as a platform for employees to present themselves. This effectively promotes two-way communication and shortens the distance between the Group and its employees.



## Attention to Employees' Health

VCREDIT strictly abides by the *Labor Contract Law of the People's Republic of China* and the *Regulation on the Implementation of the Labor Contract Law of the People's Republic of China* when it comes to ensuring the health and safety of employees.

### Create and maintain a safe and secured working environment

We regularly carry out safety inspections such as monthly fire inspections and self-inspections of fire prevention facilities to timely identify hazards and ensure safety in office. On the other hand, public sanitation and cleaning when well delivered can enable a comfortable and neat office environment for employees.

### Provide healthcare services and training

We provided regular health examinations which can closely monitor physical health, and first-aid training of cardiac resuscitation from time to time for employees to learn how to use AEDs. Employees can also learn more about cardiac resuscitation and master first-aid skills.

### Organize diverse cultural and sports activities

We organized regular sports games, team-building outings and afternoon tea sessions, encouraging employees to leave their desks and get out of the conference room to replenish their physical and mental energy.





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We resorted to community operations to encourage more employees to take an active part in sports clubs for Frisbee, badminton, basketball and football. 241 club activities with 2,424 participants were held in 2023, a significant increase of 95% compared to the previous year. These measures effectively help employees build up body strength, relieve stress, and better balance life and work.

We hold the “Happy Hour” afternoon tea every Friday to help employees relax and relieve work stress in an easy and free atmosphere. Employees can engage in interaction too. In 2023, we held 26 sessions with 1,108 participants.



As of the end of 2023, we recorded zero work-related fatalities and no loss of working days due to work-related injuries. We remain committed to employees’ occupational health by taking safety measures, organizing activities to boost employees’ health and better preventing incidents.



# Advancement of Employees' Career

## Training and Empowerment

VCREDIT is committed to supporting employees' career and the full play of their advantages. For this purpose, we built a diversified training system for employees at different levels, enabling them to be systematic and creative. And we have paid more attention to facilitating employees' learning and growth.

### Training Courses

#### Beacon Project

Providing core employees with courses to build up their management capabilities, this project invites internal executives as lecturers and classifies courses. It will divide courses into compulsory and optional for employees of different occupational levels. Launched in 2023, this project has enrolled 210 managers at the middle and junior levels.



#### VCREDIT Academy

This is an online learning platform open to all employees on which courses are developed by the Group and focus on topics including information security, internal control and management. Courses and materials about management and general skills are also provided. In 2023, the active rate of the platform was 93.16%. The cumulative learning reached 1,103.46 hours. Optimization of the platform will set up IT Academy, IFC Academy and Risk Control Academy based on employees' occupational duties and responsibilities.

### Management Trainees

Project for management trainees: This special training project is open to young talents and provides eligible candidates with fast-track and individualized development opportunities, helping them lay a solid foundation to become middle-to-senior managers of the Group. This project characterized by rotation and one-to-one senior mentor facilitates trainees to be rapidly involved and strive for better performance. As of the end of 2023, there were 8 management trainees.

### Sharing Sessions

“TALK”: This project encourages all employees from different business units and at various levels to learn from and share experiences with each other. “TALK” covers cutting-edge technologies, business development, occupational skills and personal life. Employees can sign up for programs based on their work arrangement and interest, and benefit from such an atmosphere featuring self-learning and mutual learning. In 2023, employees were very active and delivered 715 enrollments. 32 sharing sessions were held throughout the year.

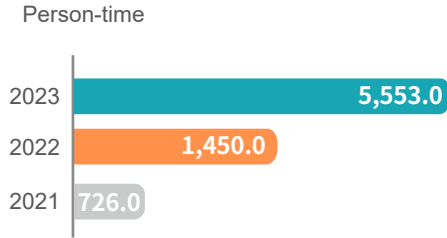




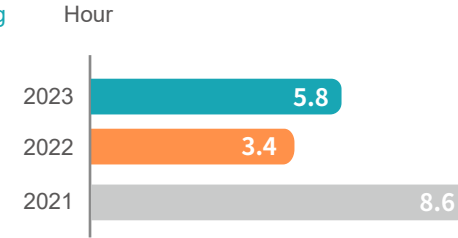
In 2023, VCREDIT trained 5,553 person-times for a total of 4,934.29 hours. The average training per person was around 5.8 hours.<sup>7</sup>

### KPIs for Employee Development and Training in VCREDIT

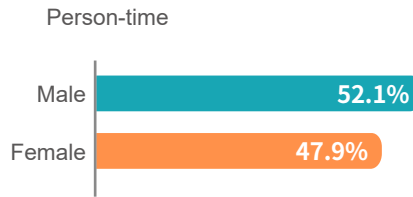
Total number of employees trained



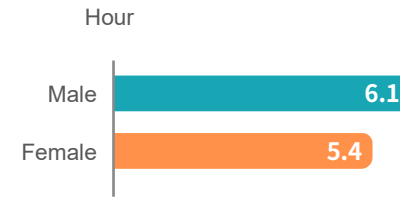
Average training hours per employee



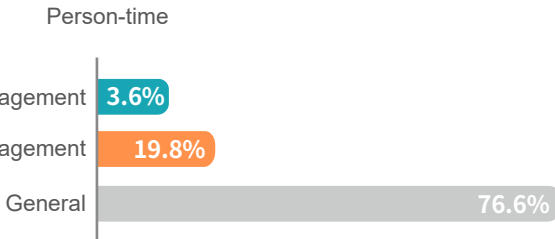
By gender



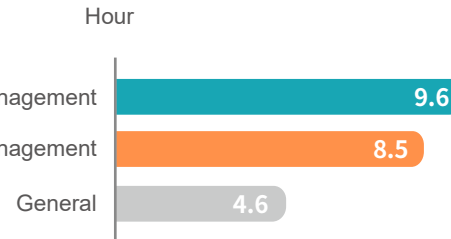
By gender



By employee category



By employee category



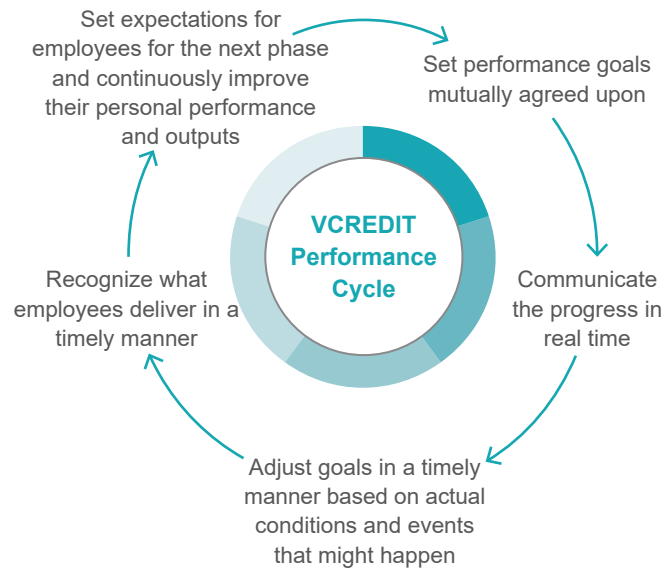
<sup>7</sup> Average training time per employee = total training time for employees in this category / number of employees in this category at the end of the period.



## Performance Management

Thanks to the evidence-based management system, we established a performance cycle to help employees better achieve business goals so that we can deliver a win-win outcome for both individuals and the organization.

VCREDIT Performance Cycle



We conduct semi-annual performance evaluations in two dimensions: performance evaluation and value evaluation. The combination of employees' self-evaluation and assessment produced by their supervisors helps employees better review their business goals and concerns over personal development. We also provide phase-based coaching and suggestions for employees' career development.

## Promotion and Development

We support career development of different types of employees and have set up differentiated career paths to match their individual needs.

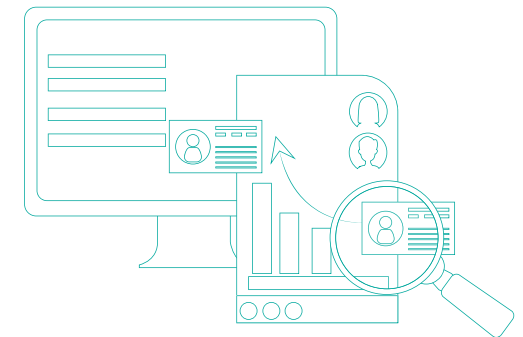
We opened up two promotion channels for employees, namely, management pathways and professional pathways, while encouraging employees to make their own choice of a suitable path based on personal career plans and the Group's business development. In this system, employees can be promoted vertically along either the management or professional pathway. Switching to the other based on business and personal development is also possible.

We value a fair, just, open and dynamic promotion mechanism. In 2023, we timely optimized the promotion mechanism in order to better support employees' development and make more opportunities available. On the basis of one promotion opportunity per year, we unlock another opportunity which is a special channel for outstanding eligible talents. This newly-opened channel prioritizes business development focuses of the Group and aims to stimulate responsible, capable and excellent employees who make a special contribution or deliver key outputs, thus ensuring an efficient flow and reasonable allocation of talents within the hierarchy.



### 57 Excellent Junior-level Employees Promoted via the Special Promotion Channel in 2023

The special promotion channel was formally opened up in October 2023 which added to the originally set compulsory thresholds a new session for employees under the manager level to report their performance. This is a very good opportunity for employees to present themselves and gain attention from executives to support their career development. In 2023, 77 employees under the manager level were nominated among which 57 were successfully promoted. This policy will be further improved to better support the management of human resources.





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# Promotion of Green Operations

Considering the importance of daily business operations on the environment, we borrowed from technologies to improve green fintech services and management systems. Low-carbon and environmentally friendly business is what we support as a way to contribute to green development and China's Dual Carbon Goals.

## Green Office

Resources consumed by VCREDIT, a responsible fintech company, mainly come from office electricity, paper, water and gasoline in corporate vehicles. There is no consumption of packaging materials of finished goods. Fully abiding by the *Energy Conservation Law of the People's Republic of China* and the *Environmental Protection Law of the People's Republic of China*, we introduced a resource management system to reduce consumption in all aspects.



## Reduction of Energy Consumption

A series of measures to reduce energy consumption and better manage energy usage in the workplace was introduced in 2023, aiming at higher efficiency.

### Green travel

- Encourage employees to choose virtual meetings over unnecessary business travels.
- Sell one corporate vehicle for it falls into the category of diesel consumption and large emission.

### Energy conservation in office

- Employees are prohibited from using high-power private electrical appliances in office, and have to turn off personal computers before leaving the office.
- Carry out regular office inspections and timely turn off lights and TVs in conference rooms.
- Reduce the running of air conditioners in office during extra working hours.

## Resource Recovery and Reuse

In 2023, we took a series of resource conservation measures to strengthen the recycling and utilization of resources.

### Paperless office

- Encourage employees to print on both sides of paper, prioritize email, intranet and other electronic means to transmit information and reduce paper consumption.

### Reduce office equipment

- We promoted the use of 658 cloud desktops and 185 cloud servers, while cutting down electronic product purchases accordingly, including computers, monitors, mice and keyboards, etc. This helped replace old-style PCs for office work in phases, and we decommissioned 12 pieces of local hardware equipment and servers.
- Remove 3 rented printers nationwide.



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### Improve water use efficiency

- Remind employees to save water and turn off facilities promptly.
- Regularly check water supply facilities to prevent leakage.
- Reduce the supply of bottled water at reception to avoid unnecessary waste.

### Resource recovery and reuse

- Adopt a furniture leasing model in new workplaces.
- Encourage employees to donate unused books to the office library.
- Coffee grounds recycled to purify air.



### Technology Empowers Full-process Digital Operations

Thanks to VCREDIT's leading technological capabilities, we have advanced full-process digital operations. Based on the digital and online asset-light credit model, we optimized the approval process and approval rules in all aspects including pre-loan, loan issuance, and post-loan. We greatly supported electronic, paperless and virtual versions of loan contracts and documentation while effectively cutting down energy and resource consumption caused by business travel and the use of paper.

## Emission Management

VCREDIT, a fintech company, belongs to an industry of low energy consumption, low emissions, and light pollution. The emission mainly occurs in the office for there is no discharge of industrial wastewater and therefore no significant impact on the environment and natural resources. We enhanced the management of emissions strictly according to the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China* and the *Law on the Prevention and Control of Waste Pollution of the People's Republic of China*.

### Exhaust and Greenhouse Gas Emissions

The exhaust gas emitted from VCREDIT business operations, including nitrogen oxides (NOx) and suspended particulate matter (PM), mainly comes from the combustion of gasoline in corporate vehicles. We have enacted diversified green office measures to reduce waste gas and greenhouse gas emissions, and to better conserve energy, so as to cut down the greenhouse gases generated by the consumption of gasoline and purchased electricity.



### Hazardous and Non-hazardous Wastes

We classify wastes according to the *Directory of National Hazardous Wastes (2021 Edition)* and dispose of wastes based on characteristics of different types. Since VCREDIT's business operations are not about industrial manufacturing, we do not generate significant amounts of hazardous wastes.

In 2023, we adopted a series of office waste management measures to prevent any significant impact of waste on the environment.



Adhere to the principles of waste classification and properly dispose of recyclable items.



Recycle electronic facilities and equipment, and recycle computers, servers and other equipment that are out of use.





## KPIs of Environmental Management in VCREDIT in 2023

Exhaust Gas Emissions<sup>8</sup>

Nitrogen oxide (NOx) emissions  
**15.52** Kg

Nitrogen oxide (NOx) emission intensity  
**0.43** Kg/100 million yuan

Sulfur oxide (SOx) emissions  
**0.00** Kg

Sulfur oxide (SOx) emission intensity  
**0.00** Kg/100 million yuan

Suspended particulate matter  
(PM) emissions  
**0.87** Kg

Suspended particulate matter  
(PM) emission intensity  
**0.02** Kg/100 million yuan

## GHG Emissions

Scope 1 emissions<sup>9</sup>  
**80.13** Tonnes of CO<sub>2</sub> equivalent

Total greenhouse gas emissions  
(Scope 1 + Scope 2)  
**805.17** Tonnes of CO<sub>2</sub> equivalent

Scope 2 emissions<sup>10</sup>  
**725.04** Tonnes of CO<sub>2</sub> equivalent

Greenhouse gas emission intensity  
**22.55**  
Tonnes of CO<sub>2</sub> equivalent/100 million yuan

Emissions of Wastes<sup>11</sup>

Emissions of non-hazardous wastes  
**67.53** Tons

Total waste emissions  
**67.53** Tons

Hazardous waste emissions  
**0.00** Ton

Waste emission intensity  
**1.89** Tons/100 million yuan

Use of Resources<sup>12</sup>

Gasoline consumption  
**35,277.00** Liters

Gasoline consumption intensity  
**9.88** Liter/million yuan

Electricity consumption  
**1,271,334.00** kWh

Electricity consumption intensity  
**356.17** kWh/million yuan

Tap water consumption  
**6,763.00** Tons

Tap water consumption intensity  
**1.89** Ton/million yuan

<sup>8</sup> Exhaust gas emissions in 2023 mainly came from the combustion of gasoline in the utilization of the Group's vehicles. The calculation methods for exhaust gas emissions were adjusted in 2023, mainly referring to the *Light Vehicle Pollutant Emission Limits and Measurement Methods* (GB 18352.6-2016). To to ensure the comparability of data, adjustment was also made to data in 2021 and 2022 based on the new calculation method (for details see Appendix 1: table of KPIs).

<sup>9</sup> Scope 1 in 2023 mainly came from the combustion of gasoline in the utilization of the Group's vehicles. The calculation method mainly refers to the *Mobile-source Combustion Greenhouse Gas Accounting Tool of World Resources Institute of Version 2.6* and the *IPCC National Greenhouse Gas Inventory Guidelines of 2019 Revision*.

<sup>10</sup> Scope 2 in 2023 mainly came from outsourced power for office in the Shanghai Headquarters, and statistics mainly refer to the national power grid average emission factors for 2022.

<sup>11</sup> It is the Shanghai Headquarters that is mainly covered in the statistics.

<sup>12</sup> Statistical calculation scope of 2023 Use of Resources in electricity and tap water consumption is Shanghai Headquarters.



# Responses to Climate Change

Observing the quite visible severe impact of climate change on the environment, society and economy, VCREDIT has taken necessary countermeasures, identifying and evaluating risks and opportunities of climate change in the Group's business. It gradually put into place a climate change framework and focuses on four dimensions, governance, strategy, risk management, and indicators and goals, in line with the Task Force on Climate-Related Financial Disclosures(TCFD) climate change governance framework.



## Governance

The Board of Directors and its affiliated committees regularly provide supervision and guidance on climate change affairs, reviewing key action plans and risk management policies and hold at least one discussion per year during the board's meeting on how to promote sustainable development agenda to deliver the targets and strategies of climate change.



## Strategy

After studying the impact of climate change on the Group's financial and reputational risks, we considered how to seize opportunities and provided guidance for the countermeasures of climate change.



## Risk Management

We have considered the newly enacted climate change laws and regulations together with other factors and will gradually incorporate the identification, evaluation, ranking of materiality and management of climate change risks into the Group's general procedure of risk management.



## Metrics and Targets

We balanced and set various climate change metrics as the basis of the Group's environmental and sustainable development as well as its overall business strategy, contributing to the national goals of peaking carbon emissions before 2030 and neutralizing them before 2060.



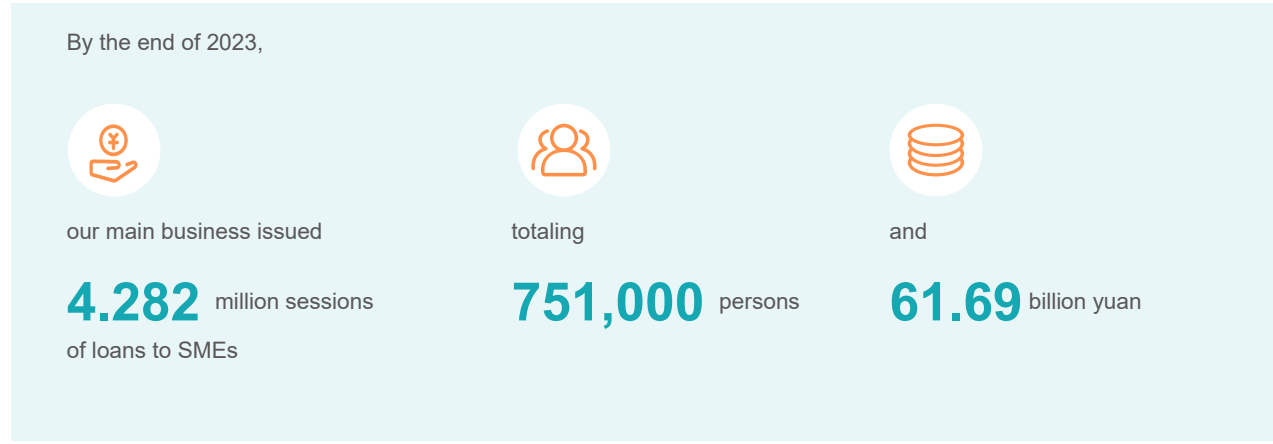
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# Support for Small and Micro-sized Enterprises

Small and Micro-sized Enterprises (SMEs) remain the targeted customers of fintech companies for they are an inseparable part to the society and economy. By the end of 2023, our main business issued 4.282 million sessions of loans to SMEs, totaling 751,000 persons and 61.69 billion yuan. Addressing their difficulties requires continuous innovation of products and business. At present, we have provided funding co-operation services for consumer chain brands to meet the urgent financing sought by enterprises expanding their shops, and we also provide comprehensive overseas compliance services for domestic and foreign cross-border e-commerce enterprises to empower cross-border sellers to go overseas.



## Mitigating Customer Financing Difficulties in Start-up

Doudou (pseudonym) ran a wedding business and returned to his hometown from a first-tier city in 2023. He decided to try a wedding company in a totally different employment environment. Thanks to the information from an acquaintance, he applied for working cash on VCREDIT platform to start his business.

— *I still remember when the application was approved. And I feel that I can still try something new and challenging. With these funds, I am more positive even though my business still waits to be successful.*



## Mitigating Operations Burdens of SMEs

Customer Yu (pseudonym) runs a garment shop which was on the brink of bankruptcy in early 2023 for there was no working capital to buy in stocks. His business was mired down. He searched for help on the Internet and found VCREDIT more convenient than traditional financial institutions. The text message of approval for his application was received within one day after the application was filed. And he successfully overcame this difficulty for now thanks to the funds.

— *The funds really helped me when I was in misery. Thank you very much! You helped me indeed and rekindled my confidence in life.*



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# Optimization of Supply Chain Management

We strictly abide by the *Bidding Law of the People's Republic of China* and other procurement-related laws and regulations, and formulated the *Measures for the Procurement Management System*. Besides, VCREDIT set bidding amount requirements and supplier introduction procedures based on the Group's status quo as part to the standardization of the procurement procedure, a full life cycle ranging from the admission of suppliers to evaluation and then exit. Procurement from suppliers mainly includes maintenance equipment and services and departments in need of their services are allowed to draft special standards and rules for admission, assessment and evaluation. In addition, the Group clarified details in the supplier management system based on the policy of procurement and in consideration of its business features so as to comprehensively refine the supply chain management.

In 2023, we launched a new procurement system for supply chain, integrating the procurement processes originally scattered in different systems into one framework, improving the management efficiency of supply chain data and reducing compliance risks in the procurement process.

## Supplier Management System



The Group has built a database for suppliers which checks their licenses and qualifications before admission. If the supplier is subject to enforcement or contributes to social insurance scheme for less than 5 employees or records abnormal business operations or penalties imposed by the authorities, the supplier concerned would be asked to make an explanation. If it is evaluated to be risky, the supplier will not be admitted.

The Group conducts annual evaluation and examination of the satisfaction rate concerning the products or services of suppliers engaged in the database for the previous year.

If the annual evaluation results for a supplier are confirmed to be "Unqualified", it has to exit the system starting from the next year.

We established long-term and mutually-beneficial relationships with our suppliers. In 2023,

we had	in which the Chinese suppliers accounted for	the largest number of suppliers came from East China accounting for
<b>742</b> suppliers	<b>99.9%</b>	<b>52.7%</b>

We pay attention to the impact that each link of the supply chain might have on the environment and society. During the selection process, we review their working conditions, environmental impact, labor standards, etc. In the annual assessment, we identify potential environmental and social risks and classify the risks into different levels. Highly risky findings for suppliers have to be immediately closed with rectification measures while low- and medium-level findings have to be closed within the specified time limit.

In addition, we prefer to cooperate with suppliers who pay high attention to environmental protection and have obtained environmental protection qualifications, in order to encourage the adoption of environmentally-friendly products and services. Furthermore, suppliers are required to provide qualification certificates during the selection stage to testify the environmentally-friendly nature of their deliveries. We are committed to building a sustainable supply chain system in tandem with our business development.



# Striving for Win-win

We actively cooperate with industrial associations and have currently joined many associations and organizations to strengthen industrial cooperation and exchanges, working with industrial partners to build a financial ecosystem for the sustainable development of the industry.

## List of Associations of Which VCREDIT is a Member

Name
National Internet Finance Association of China
Internet Association of Shanghai
Shanghai Association of Micro-Credit
Association of Shanghai Internet Financial Industry
China Micro-credit Companies Association
Guaranteed association of Hangzhou
Zhejiang Province Credit and Guarantee Association
Suzhou Industrial Park Financial Leasing Industry Association
Sichuan Association of Microcredit
Chengdu Microfinance Association
Sichuan Association of Fintech
Chengdu Jinjiang District Federation of Industry and Commerce

## Industrial Cooperation and Communication

While we continue to strengthen technological innovation and R&D investment, we actively establish cooperative relationships with government departments, financial institutions, academic institutions and other stakeholders to promote industrial cooperation and information sharing, jointly maintaining the safe and sound development of the industry. In 2023, we participated in industrial exchanges, forums and training sessions to share practical experience in Internet finance, fintech empowerment, risk management, etc., contributing to the progress and development of the fintech industry.



### Participating in the Symposium on Preparedness for the Protection of Undermined Rights in Internet Finance Cases

In September 2023, we participated in the *Symposium on Preparedness for the Protection of Undermined Rights in Internet Finance Cases (Shanghai area)* hosted by the National Internet Finance Association of China. VCREDIT, a well-known fintech company, was invited to discuss with more than 20 financial institutions and companies how to deal with the recent epidemic of protecting consumers' rights once undermined in Internet finance cases for this has seriously affected the normal operations of Internet financial institutions. We shared typical cases of illegal business and gray areas such as "illegal agency" and "malicious complaints" as well as the experience and practical results of how these cases were addressed.



### Participating in 9 Seminars on Industrial Standardization to Drive the Digital Transformation of the Industry

In 2023, we were invited to many special seminars on the development of standards in the Internet, communications, finance and other industries, including the *OpenEuler & OpenHarmony Community Compliance SIG Joint Seminar* organized by Huawei and ZTE, and the *Forum on Business Security and Development Plans* organized by the China Academy of Information and Communications Technology, the *Seminar on the Digital Public Goods Insight Report*, the *Seminar on the Assessment of Enterprise Endogenous Governance Capabilities*, the *Zero Trust System Standards Seminar*, the *Industrial Seminar on Standardization of Middle-stage Risk Control Capabilities in Business Development*, the *Seminar on API Governance Maturity Evaluation Method*, the *FINOC Closed Meeting* and the *Seminar on Building up Capacities against Cloud Ransomware Attacks*. Our experts and representatives actively expressed their views and provided suggestions for the contribution of an enterprise to digital transformation.



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# Contribution to Society

We have attached great importance to corporate social responsibilities and increased input into social and public undertakings. Leveraging our own resources and advantages, we focus on rural revitalization, elderly care and education, as well as public services, while participating in public programs and charitable events in forms of technological empowerment, input of resource, volunteer services and cooperation with non-profit organizations. We not only paid attention to our business growth, but also tried our best to contribute to social development.



In 2023, the total amount of community contribution reached

**402,924.20** yuan

Therein, the amount of charity donation reached

**81,943.20** yuan



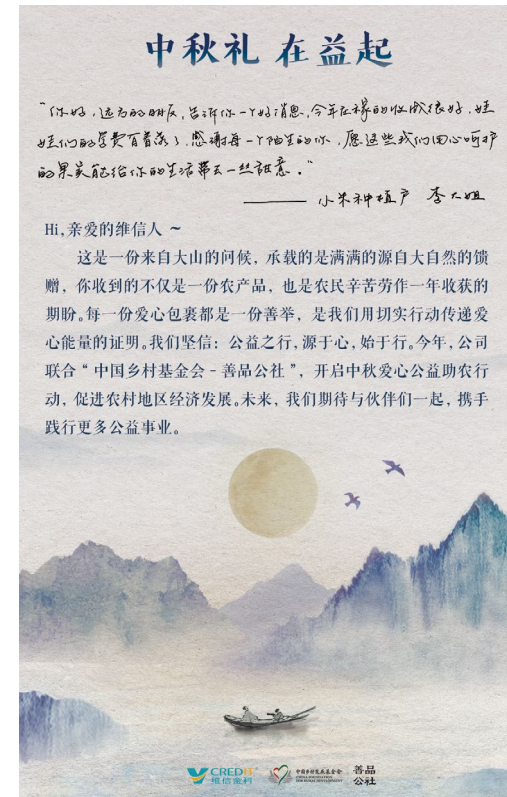
while the total hours including volunteer services contributing to community reached

**1,556** hours

## Rural Revitalization

### Supporting the Sales of Agricultural Products

In September 2023, VCREDIT cooperated with the China Rural Revitalization Foundation Shanpin Commune to launch an agricultural assistance project. Through the China Rural Development Foundation Shanpin Commune, VCREDIT directly purchased cereals, walnuts, hawthorn blocks and other agricultural products from Gansu, Henan and other regions as holiday gifts for VCREDIT's employees. On the other hand, we launched the "Shanpin Commune" purchase zone, on the homepage of our product app to encourage purchases and sales and connect farmers with consumers, thus expanding the sales channels of agricultural products.





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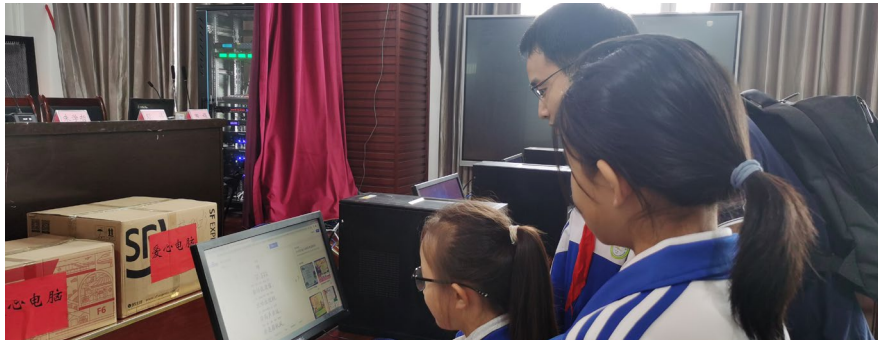
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## Attention to Rural IT Education

In May 2023, the CPC party branch of the Science and Technology Commission of Shanghai Hongkou District learned that primary and secondary schools in the Wenshan area of Yunnan were extremely short of educational computers, and there were too few computer practices and courses for local primary and secondary students. As a result, the learning effects were unsatisfactory. Responding to these challenges there, the CPC party branch of the Science and Technology Commission in Hongkou District contacted VCREDIT's CPC party branch and its trade union. VCREDIT immediately took inventory of its resources and sent 100 computers barely used which were of reliable quality to Qiubei County, Wenshan Prefecture, Yunnan Province. These computers have been distributed by the Education and Sports Bureau in Qiubei County to 10 township schools, including Badaoshao Township and Shupi Township, to support the IT courses.



We also pay close attention to another group of participants vital to rural education, teachers. In August 2022, we participated in the Foreign Trade Trust - 2022 Rural Revitalization No. 1 Spark Charitable Trust. In June 2023, the donation project has delivered substantial results. In the past year, the Green Pepper Project provided more than 300 public welfare training courses, inviting more than 200 experts and lecturers to do presentations. The total course duration exceeded 20,000 minutes; these courses were played and viewed over 3.2 million times; and the total number of homework assignments submitted was more than 110,000 copies. There were over 30,000 participants in the thematic activities.







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## Supporting the Elderly and Education

### Volunteer Services for the Elderly in Community at the Double Ninth Festival

In October 2023, the Baiguan Street Citizen Station of North Bund Street launched the event of “Healthy at Every Double Ninth Festival” at the Hongkou District Library Branch as a way to enrich the cultural experience of residents and immerse them in a warm and cheerful festival atmosphere. As one of the co-organizers, VCREDIT union delegates participated in the event, playing interesting games and presenting gifts to make the elderly joyous and happy.

In November 2023, the VCREDIT CPC party branch and the trade union jointly donated daily-living essentials to the Guangji Nursing Home in Hongkou District, Shanghai, with the support of the CPC party branch of the China Publishing Lanqiao Creative Industrial Park, as our cordial care to the elderly.



### NYU Shanghai VCREDIT Global Scholarship Fund

In 2019, we jointly established the “VCREDIT Scholarship Fund for Global Talents” with NYU Shanghai which has supported 5 students, including 2 students in 2022 and 3 in 2023. With this funding support, they were propelled to strive for their dreamed life. The establishment of this fund originates from VCREDIT’s insistence on the concept of “technology-driven creation of value”, and embodies its intention and vision to support the cultivation of versatile talents with an international perspective and contribute to the development of education.

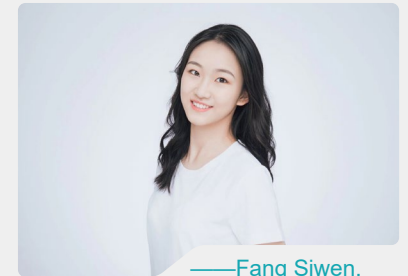


## Students’ Voice



—Ding Haowei,  
Enrolled in 2022

*This scholarship not only gives me the opportunity to study at NYU Shanghai, but also provides me with a future with infinite possibilities. I can move forward with freedom and peace of mind for a bright future without any regrets.*



—Fang Siwen,  
Enrolled in 2022

*The scholarship inspires me to study and work harder than my peers. I hope to prove that I am worthy of this award with better results. I have the courage to try something new and take on more challenging tasks that I have never done before, which also makes me more confident.*



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## Public Services

### Traffic Volunteers

In August 2023, the VCREDIT CPC party branch assisted Hongkou in creating a national civilized urban area and participated in public events on the North Bund. Volunteers from VCREDIT actively helped the traffic police to regulate travels, guiding non-motorized vehicles which crossed the waiting line and jaywalking pedestrians to obey traffic rules. This has actively contributed to the creation of civilized urban areas and a harmonious North Bund where everyone observes traffic rules.



## Other Activities for Public Interests

### Charity Sales

In September 2023, the “Hanfu Charity Sales Event” organized by VCREDIT’s CPC party branch donated over 2,000 articles with an average donation rate reaching 364% for departments and 25,000 yuan was raised as a result from the sales. Furthermore, we added matching donations at a rate of 30% of the sales sum, making the total donation over 30,000 yuan. All these funds raised from the charity sales were put in the VCREDIT Charity Fund as planned, which will be used for emergency funding to support employees in need and carry out routine events for public interests. Since 2021, the charity sales has been held for three consecutive years, raising a total amount of more than 60,000 yuan.





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## Appendix 1: Table of KPIs

Indicator	Unit	2021	2022	2023
<b>Environmental</b>				
<b>Air emissions</b>				
Total air emissions	Kg	19.09	13.97	16.39
NOx emissions	Kg	18.07	13.23	15.52
SOx emissions	Kg	0.00	0.00	0.00
Suspended particulate matter (PM) emissions	Kg	1.02	0.74	0.87
Air emissions intensity	Kg/100 million yuan	0.52	0.42	0.46
<b>Greenhouse gas emissions</b>				
Total GHG emissions (Scope 1+Scope 2)	Ton of carbon dioxide equivalent	1,099.00	1,092.40	805.17
Scope 1 emissions	Ton of carbon dioxide equivalent	93.60	77.10	80.13
Scope 2 emissions	Ton of carbon dioxide equivalent	1,005.40	1,015.30	725.04
GHG emissions intensity	Ton of carbon dioxide equivalent/100 million yuan	31.78	35.02	22.55
<b>Waste emissions</b>				
Total waste emissions	Ton	1.14	1.41	67.53
Non-hazardous waste emissions <sup>13</sup>	Ton	1.01	1.10	67.53
Hazardous waste emissions	Ton	0.13	0.31	0.00
Waste emissions intensity	Ton/100 million yuan	0.03	0.05	1.89

Indicator	Unit	2021	2022	2023
<b>Use of resources</b>				
Gasoline	Liter	34,568.00	28,454.00	35,277.00
Electricity	kWh	1,275,594.00	1,288,265.00	1,271,334.00
Tap water	Ton	6,442.00	6,467.00	6,763.00
Gasoline intensity	Liter/million yuan	10.00	9.10	9.88
Electricity intensity	kWh/million yuan	368.90	413.00	356.17
Tap water intensity	Ton/million yuan	1.90	2.10	1.89
Total packaging materials for finished products	Ton	N/A	N/A	N/A
<b>Social</b>				
<b>Employment</b>				
Total employees	Person	677	762	856
<b>By gender</b>				
Male	%	50.4	52.0	52.1
Female	%	49.6	48.0	47.9
<b>By education</b>				
Master or PhD	%	/	/	17.5
Undergraduate	%	/	/	64.7
Junior college or under	%	/	/	17.8

<sup>13</sup> The statistical caliber of non-hazardous wastes in 2023 included paper and domestic waste emissions, whereas the statistical caliber in 2021 and 2022 only included paper emissions .



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Indicator	Unit	2021	2022	2023
<b>By employment type</b>				
Full-time	%	100.0	100.0	100.0
Part-time	%	0.0	0.0	0.0
Others	%	0.0	0.0	0.0
<b>By age group</b>				
≤30	%	53.8	50.7	46.6
31-40	%	39.4	42.1	45.2
≥41	%	6.8	7.2	8.2
<b>By geographical region</b>				
Chinese Mainland	%	/	/	97.3
Hong Kong, Macao and Taiwan of China	%	/	/	2.7
<b>Loss of employees</b>				
Employee turnover rate	%	33.0	23.0	24.4
<b>By gender</b>				
Male	%	36.6	22.8	24.8
Female	%	28.8	23.1	23.9
<b>By age group</b>				
≤30	%	38.8	29.4	31.6
31-40	%	25.8	15.3	17.1
≥41	%	16.4	12.7	14.6

Indicator	Unit	2021	2022	2023
<b>By geographical region</b>				
Chinese Mainland	%	/	/	24.5
Hong Kong, Macao and Taiwan of China	%	/	/	17.9
<b>Health and Safety</b>				
Work-related fatalities	Person	0	0	0
Lost days due to work injury	Day	0	0	0
<b>Training and development</b>				
Total trained employees	Person-time	726.0	1,450.0	5,553.0
<b>By gender</b>				
Male	%	53.7	48.0	52.1
Female	%	46.3	52.0	47.9
<b>By employee category</b>				
Senior	%	12.3	13.5	3.6
Middle	%	14.3	13.0	19.8
General	%	73.4	73.5	76.6
Average training hours per employee	Hour	8.6	3.4	5.8
<b>By gender</b>				
Male	Hour	8.6	3.4	6.1
Female	Hour	8.6	3.4	5.4
<b>By employee category</b>				
Senior	Hour	14.1	11.7	9.6
Middle	Hour	15.4	1.4	8.5
General	Hour	6.3	2.2	4.6



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Indicator	Unit	2021	2022	2023
<b>Supply chain management</b>				
Total suppliers	Company	577	706	742
<b>By geographical region</b>				
East China	%	61.30	56.80	52.7
North China	%	15.10	18.60	16.6
South China	%	8.50	14.00	19.4
Southwest China	%	7.60	6.10	6.2
Central China	%	4.70	2.70	3.1
Northeast China	%			0.4
Northwest China	%			1.3
Hong Kong, Macao and Taiwan of China	%	2.80	1.80	0.1
Overseas	%			0.1
<b>Product responsibility</b>				
Same-day response rate to customer complaints	%	/	/	100
Average time for customer complaints to be settled	Day	/	/	2.42
Percentage of settled customer complaints	%	/	/	100
Violation to responsible marketing	Case	/	/	0
Percentage of products sold or shipped that are subject to recall for safety and health reasons	%	/	/	N/A

Indicator	Unit	2021	2022	2023
<b>Customer services</b>				
Total served customers	Case	/	/	6,206,757
AI automation rate in solving the case	%	/	/	97
Rate of reaching out to service staff	%	/	/	95
Satisfaction rate	%	/	/	98
Praise calls	Call	/	/	763
<b>Fintech innovation</b>				
Annual newly filed patent applications	Case	0	17	38
Total patent applications	Case	7	25	63
Registered computer software copyrights	Case	/	/	255
Total trademarks owned by the Company	Case	/	/	254
<b>Community investment</b>				
Total amounts	Yuan	/	/	402,924.20
Therein, the amount of charity donation	Yuan	/	/	81,943.20
Total hours	Hour	/	/	1,556
<b>Governance</b>				
<b>Business ethics</b>				
Number of concluded legal cases regarding corrupt practices	Case	0	0	0



## Appendix 2: Indexes of SEHK Environmental, Social and Governance Reporting Guide

ESG	Description	Chapter	Page	
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	ESG Governance	P08	
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: materiality, quantitative, and consistency.	Preparation Basis of the Report	P01	
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Preparation Basis of the Report	P01	
"Comply or Explain" Provisions				
<b>A. Environmental</b>				
Aspect A1: Emissions	General Disclosure	Information on air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Promotion of Green Operations	P46
	KPI A1.1	The types of emissions and respective emissions data.	Promotion of Green Operations Table of KPIs	P46-P47
	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).	Promotion of Green Operations Table of KPIs	P47
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Promotion of Green Operations Table of KPIs	P47
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Promotion of Green Operations Table of KPIs	P47
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Promotion of Green Operations Table of KPIs	P46
	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.	Promotion of Green Operations Table of KPIs	P46



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ESG	Description	Chapter	Page
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Promotion of Green Operations P45-P46
	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).	Promotion of Green Operations Table of KPIs P47
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Promotion of Green Operations Table of KPIs P47
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Promotion of Green Operations Table of KPIs P46
	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.	Promotion of Green Operations Table of KPIs P46
Aspect A3: The Environment and Natural Resources	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A /
	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Promotion of Green Operations P45-P46
Aspect A4: Climate Change	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Promotion of Green Operations Table of KPIs P45-P46
	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Responses to Climate Change P48
	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.	Responses to Climate Change P48
<b>B. Social</b>			
<b>Employment and Labour Practices</b>			
Aspect B1: Employment	General Disclosure	Information on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Diversification of the VCREDIT Team Protection of Employees' Rights and Interests P35-P37
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Diversification of the VCREDIT Team Table of KPIs P35
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Diversification of the VCREDIT Team Table of KPIs P36



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Aspect B2: Health and Safety	General Disclosure	Information relating to providing a safe working environment and protecting employees from occupational hazards: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Protection of Employees' Rights and Interests P39
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Protection of Employees' Rights and Interests Table of KPIs P40
	KPI B2.2	Lost days due to work injury.	Protection of Employees' Rights and Interests Table of KPIs P40
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Protection of Employees' Rights and Interests P39-P40
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Advancement of Employees' Career P41-P43
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Advancement of Employees' Career Table of KPIs P42
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Advancement of Employees' Career Table of KPIs P42
	General Disclosure	Information relating to preventing child and forced labour: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Diversification of the VCREDIT Team P36
Aspect B4: Labour Standards	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Diversification of the VCREDIT Team P36
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	N/A /
<b>Operating Practices</b>			
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Optimization of Supply Chain Management P51
	KPI B5.1	Number of suppliers by geographical region.	Optimization of Supply Chain Management Table of KPIs P51, P59

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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.	Optimization of Supply Chain Management	P51
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Optimization of Supply Chain Management	P51
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Optimization of Supply Chain Management	P51
Aspect B6: Product Responsibility	General Disclosure	Information relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Provision of Considerate Services Protection of Consumers' Rights and Interests	P21-P23, P24, P26, P28
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	/
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Provision of Considerate Services Table of KPIs	P22-P23
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Efforts in Fintech Innovation	P33
	KPI B6.4	Description of quality assurance process and recall procedures.	Provision of Considerate Services	P21
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Protection of Consumers' Rights and Interests	P26-P27
Aspect B7: Anti-corruption	General Disclosure	Information relating to bribery, extortion, fraud and money laundering: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Business Ethics	P18
	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.	Business Ethics Table of KPIs	P18
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Business Ethics	P18
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Business Ethics	P18
<b>Community</b>				
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.	Contribution to Society	P53
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Contribution to Society	P53
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Contribution to Society Table of KPIs	P53

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	Protection of Consumers' Rights and Interests	417-1 Requirements for product and service information and labeling 417-2 Incidents of non-compliance concerning product and service information and labeling 417-3 Incidents of non-compliance concerning marketing communications	P24-P28
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405-1 Diversity of governance bodies and employees			
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Advancement of Employees' Career	404-1 Average hours of training per year per employee	P41-P43	
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Responses to Climate Change	306-1 Waste generation and significant waste-related impacts		P48		
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