



国银租赁

CHINA DEVELOPMENT BANK LEASING

國銀金融租賃股份有限公司

CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.

(A joint stock limited company incorporated in the People's Republic of China)

Stock Code: 1606

Leading China's Leasing Industry

Serving Real Economy



2018

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

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ABOUT THE REPORT



Overview

This is the 2018 Environmental, Social and Governance (ESG) Report released by China Development Bank Financial Leasing Co., Ltd. The annual Report mainly discloses the Group's economic, social and environmental performances from January 1, 2018 to December 31, 2018.

Compilation Basis

This Report is compiled with reference to the revised Environmental, Social and Governance Report released by the Stock Exchange of Hong Kong Ltd. in December 2015.

This Report is prepared in conformity to a set of systematic procedures, including identification and arrangement of major stockholders and ESG topics, determination of the scope and boundary of the ESG Report, collection of relevant materials and data, preparation of this Report based on materials and review of data in the Report, etc.

Scope and Boundary

The disclosure scope and boundary of the Report is consistent with those of the annual report of China Development Bank Financial Leasing Co., Ltd. in 2018.

Appellations

For the convenience of expression and reading, "China Development Bank Financial Leasing (CDB LEASING)", "the Group" and "we/us/our" in this Report refer to "China Development Bank Financial Leasing Co., Ltd. and its affiliated company or company for special purpose". "The Company" refers to "China Development Bank Financial Leasing Co., Ltd.".

Data Source and Reliability Assurance

Data and other information in this Report are mainly from relevant documents, reports and statistical results of China Development Bank Financial Leasing. In the name of the Board of Directors, China Development Bank Financial Leasing undertakes that there are no false records or misleading statements in this Report and accounts for the authenticity, accuracy and integrity of the contents.

Confirmation and Approval

This Report is confirmed by the management and approved by the Board of Directors on July 26, 2019.

Access and Response to the Report

This Report is prepared in both Chinese and English. Access to the E-version of the Report via the official website of the Company.

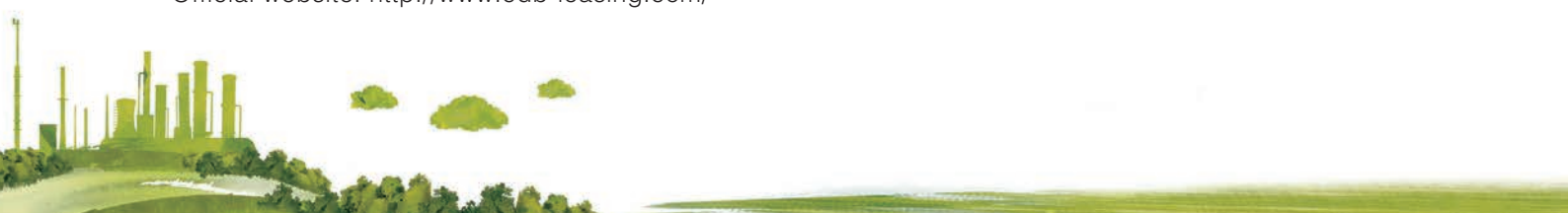
Please contact us if there is any doubt or feedback about the Report or its contents:

Address: 2/F, 7/F, 8/F, 21-27/F and 34/F of CDB Financial Center, 2003 Fuzhong 3rd Road, Futian District, Shenzhen, China

Tel: 86-755-2398 0999

Fax: 86-755-2398 0900

Official website: <http://www.cdb-leasing.com/>



CHAIRMAN'S STATEMENT



As the only leasing platform and listed company under China Development Bank (hereinafter referred to as “CDB”), China Development Bank Financial Leasing Co., Ltd. is one of the most influential financial leasing companies with the longest history in the PRC, as well as the first financial leasing enterprise listed on the main board of the Hong Kong Stock Exchange.

Guided by the mission of “Leading China’s leasing industry, serving the real economy”, China Development Bank Financial Leasing (CDB LEASING) focuses on the lease and provides cash or facilities for our customers via financial leasing instruments so as to make full use of assets. Therefore, CDB LEASING makes it one of its development strategies to fulfill corporate social responsibilities and to achieve green and sustainable development. We share the benefits with stakeholders and are dedicated to promoting healthy, sustainable and harmonious development of the economy, society and environment.



CHAIRMAN'S STATEMENT (Continued)



Running Stable and Robust Businesses and Strengthening Responsibility Governance. CDB LEASING makes it a fundamental tenet to run businesses faithfully and lawfully and to pursue sustainable operation and development with broad visions. We put the culture of responsibility into practice, enhance comprehensive risk management and control by strictly preventing illegal conducts such as corruption and money laundering and adeptly managing various risks including credit risk, market risk, liquidity risk, operational risk and intellectual property right protection related risk. We continue to promote the establishment of the Group's business management system and be committed to building the harmonious relationships among the stakeholders, strive for better project management and service quality, and establish a sound image and reputation with integrity and professionalism.

Serving National Strategies and Supporting the Real Economy. CDB LEASING proactively responds to the national macro-strategies and serves the real economy by fully utilizing its advantages in “fund raising” and “asset raising”. Adhering to the original purpose of “serving the real economy”, we give full play to our synergy with CDB to proactively support the development of the aviation industry, promote regional infrastructure construction and development, advance industrial transformation and upgrading, and level up the service of financial leasing for key fields such as intelligent manufacturing and inclusive finance.

Joint Efforts for Green Development and Balanced Ecosystem. Guided by “green” development strategy, we keep in mind the concept of “lucid waters and lush mountains are invaluable assets” during the whole process of operation. We actively implement the national requirement for establishing an environmentally friendly financial system and the original purpose for the leasing industry to serve the real economy by stepping up efforts to invest in green leasing business to provide support for business entities engaging in clean energy, environmentally friendly transportation and other fields with professional, market-oriented and international business philosophy. In addition, we continue to strengthen green office management to contribute to a more civilized and harmonious ecological environment.

Safeguarding Employees' Rights and Interests and Facilitating Employees' Personal Development. We have always been adhering to the “people-oriented” concept for recruitment and employment and regarding talents as valuable resources of the Group, and have been committed to achieving outstanding results with the contribution of top-notch talents. We safeguard employees' rights and interests in an all-round way, care for our employees in a variety of ways to ensure their physical and mental health, and strive to create an equal, innovative, energetic and friendly working environment to provide employees with a platform for their growth and development.

Participation in Community Charity Events and Promotion of Regional Development. We link our development closely to industrial, regional, community and social development to derive vitality from various aspects. We continue to advance and lead the transformation and upgrading of the industry, contribute to community development and participate actively in charity events to assume social responsibility and create value for the society.

Looking forward, we will continue to bear in mind our mission, stick to the strategic positioning of becoming a market-oriented, professional, diversified and international enterprise, insist on innovation and development, and strengthen the compliance management while pushing forward the market-oriented reform of the Group, striving to build us into a world-class leasing company with core competitiveness as soon as possible and creating greater value for stakeholders from all walks of life.



1. RUNNING STABLE AND ROBUST BUSINESSES AND STRENGTHENING RESPONSIBILITY GOVERNANCE

1.1 OVERVIEW OF CORPORATE DEVELOPMENT

Being a national non-bank financial institution under the regulation of China Banking and Insurance Regulatory Commission, China Development Bank Financial Leasing Co., Ltd. is the only leasing business platform and listed company under CDB, the first listed financial leasing company in the PRC, as well as the pioneer and leader of the leasing industry in the PRC.

Milestones of Development

- | | |
|------|---|
| 2018 | The total assets of the Company exceeded RMB200 billion. |
| 2016 | On July 11, 2016, the Company was listed on the main board of the Hong Kong Stock Exchange with a registered capital reaching RMB12.642 billion, making it a domestic leasing company with the strongest capital strength. |
| 2015 | <p>The Company was reorganized into a joint stock company with limited liability, and was renamed as China Development Bank Financial Leasing Co., Ltd.</p> <p>The Company obtained the qualification for entry into the national interbank bond market and was approved by The People's Bank Of China (hereinafter referred to as "PBOC"), to carry out foreign currency lending business in the interbank lending market.</p> <p>The Company successfully entered into the credit information system of the PBOC.</p> <p>The Company was awarded the China Aircraft Finance Industry Promotion Award by the Fourth China Aircraft Finance Forum.</p> |
| 2014 | <p>The Company completed the purchase of 130 mainstream narrow-body aircraft.</p> <p>The Company received international credit ratings of A+ from Fitch, A+ from Standard & Poor's and A1 from Moody's.</p> |
| 2012 | The total assets of the Company reached RMB100 billion, making it the first financial leasing company with total assets exceeding RMB100 billion in the PRC. |
| 2010 | The Company entered into the interbank lending market after obtaining approval from the PBOC of access to the national interbank lending market. |
| 2009 | The Company formally entered the international market for aircraft leasing business and the field of infrastructure leasing, becoming the first financial leasing company engaging in the leasing business for manufacturers in the PRC. |

1. RUNNING STABLE AND ROBUST BUSINESSES AND STRENGTHENING RESPONSIBILITY GOVERNANCE (CONTINUED)



Milestones of Development

- | | |
|------|---|
| 2008 | CDB became our Controlling Shareholder, and the Company was renamed China Development Bank Financial Leasing Company Limited, which was then the largest leasing company in terms of registered capital in the PRC. |
| 2006 | We pioneered the aircraft operating lease business among PRC financial leasing companies by entering into a leasing agreement with China Eastern Airlines Corporation Limited in respect of an A330 aircraft. |
| 2004 | We pioneered aircraft leasing business among PRC leasing companies by entering into a leasing agreement with Xi'an Aircraft Industry in respect of three MA60 aircraft. |
| 1984 | Our predecessor, Shenzhen Leasing Company Limited, was established. |

Bear in mind our mission to lead the leasing industry in the PRC and serving the real economy, we are dedicated to providing comprehensive leasing services to high-quality customers in industries, including aviation, infrastructure, shipping, automobile, construction machinery, new energy and high-end equipment manufacturing. At present, the Group has leased assets and business partners in nearly 30 countries and regions around the globe, and enjoys relatively high international credit ratings of A1 from Moody's, A from Standard & Poor's and A+ from Fitch.

Major Business Models

Functions

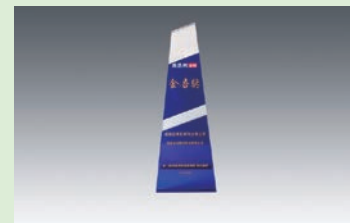
Direct leasing	Help clients to acquire high-tech, high value assets through optimized financial service solutions
Sale-Leaseback	Vitalize fixed assets held by clients by providing capital support for their development
Lease Transactions	Optimize the efficiency of assets to constantly generate value

CDB LEASING witnessed and participated in the development of China's leasing industry, and therefore accumulated rich experience in exploration of business domain, product innovation, risk management and control, business management, etc. after experiencing several industrial economic cycles and regulatory reforms. We are in the industry-leading position in terms of asset scale, profitability and risk control, and has formed a business development mode with distinct core competitive edge and outstanding sustainable development capability. In 2018, CDB LEASING achieved a net profit of RMB2.507 billion, representing a year-on-year increase of 17.6%, total assets of RMB238.067 billion, representing a year-on-year increase of 27.2%, a non-performing ratio of 0.89%, representing a year-on-year decrease of 0.11 percentage point, and a provision coverage of 253%.



1. RUNNING STABLE AND ROBUST BUSINESSES AND STRENGTHENING RESPONSIBILITY GOVERNANCE (Continued)

Time	Honors	Award-granting Entities
April, 2018	“Industry Contribution Award” in service and trade in Shenzhen	Shenzhen Association of Trade in Services
June, 2018	Leasing Company of the Year in China	Airfinance Journal
November, 2018	Most Visible Brand Award	Organizing Committee of Shenzhen International Finance Expo
November, 2018	Best Green Finance Award	Shenzhen Banking Association
December, 2018	Best Listed Leasing Company Award	2018 (5th) Global Leasing Industry Competitiveness Forum
December, 2018	★★★ (the highest) in Shenzhen Corporate Social Responsibility Evaluation	Shenzhen Association of Enterprises for Promotion of Social Responsibility.
January, 2019	Listed Company with Most Brand Influence	ifeng.com
January, 2019	Most Socially Responsible Listed Enterprise	Zhitongcaijing.com www.10JQKA.com.cn










1. RUNNING STABLE AND ROBUST BUSINESSES AND STRENGTHENING RESPONSIBILITY GOVERNANCE (CONTINUED)



1.2 CULTURE OF RESPONSIBILITY AND ESG MANAGEMENT

Centered closely around the requirements of serving the mid-to-long-term development strategies for China's economy and high-quality development, CDB LEASING responds actively to the sustainable development goals and targets set out in the United Nations (the UN) Transforming our World: The 2030 Agenda for Sustainable Development by establishing a market-oriented operation and constraint mechanism to construct a financial leasing institution with sufficient capital, standard governance, strict internal control, safe operation, and quality service and assets, so as to provide strong service support for the sustainable and sound development of the national economy.

CDB LEASING's Responses to the UN's Sustainable Development Goals and Targets

	Achieve gender equality and empower all women and girls
	Ensure availability and sustainable management of water and sanitation for all
	Ensure access to affordable, reliable, sustainable and modern energy for all
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
	Make cities and human settlements inclusive, safe, resilient and sustainable.
	Take urgent action to combat climate change and its impacts

We act in accordance with the national macro-strategies and give full play to the strengths of “fund raising” and “asset raising” so as to serve the real economy. CDB LEASING also values our environmental, social and governance responsibilities and pursues shared values and harmonious development with governments, shareholders, clients, suppliers, employees, communities and the environment in our legal and lawful business operations, which constitutes our fundamental philosophy.



1. RUNNING STABLE AND ROBUST BUSINESSES AND STRENGTHENING RESPONSIBILITY GOVERNANCE (Continued)

The Social Responsibility Model of CDB LEASING



As a holding subsidiary of China Development Bank, the Group also adheres to the mission of China Development Bank with respect of social responsibility, abides by its provisions on social responsibility management, and considers sustainable development as one of the Company's strategies. From the Board of Directors and senior management to business departments, the Group actively promotes sustainable development to raise the awareness of the public and integrates the requirements for sustainable development in business operation, risk management and communication with stakeholders.

In view of the development requirements in the new era, the Group continues to improve the environmental, social and governance (ESG) management system. We have set up an ESG working group, which is coordinated and managed by executive directors, led by the Board Office, and collaborated by multiple functional departments of various business segments such as SME Department, New Energy and Equipment Business Department, Business Management Department, Risk Management Department, the office, Human Resources Department, Discipline Inspection Office and aviation subsidiaries. Such group is responsible for collecting and compiling information on ESG related policies and system, and managing such ESG data. In 2018, the Board of Directors of the Group participated in an ESG training, and has further understood the sustainable development trend, enhanced sense of responsibility and strengthened responsibility performance capability, which resulted in the gradual improvement of ESG management.

1. RUNNING STABLE AND ROBUST BUSINESSES AND STRENGTHENING RESPONSIBILITY GOVERNANCE (CONTINUED)



Looking ahead, we will improve the ESG work structure, fulfill the ESG management responsibilities of the Board of Directors and further consolidate the ESG working group by optimizing its coordinative function, with the purpose of contributing to the sustainable development of all departments with high efficiency and achieving step by step the sustainable development goals and targets of CDB LEASING.

We respect and respond to the requests of stakeholders. By establishing an effective communication mechanism, we constantly strengthen the communication with stakeholders, understand and respond to their requests, and ensure their rights to know and participate, so as to achieve harmony and win-win.

Stakeholders	Expectations	Communications and Responses
Governments and regulatory authorities	Abide by laws and regulations for legal operations Create job opportunities and pay taxes Support regional and industrial development	Conduct corporate compliance management to ensure compliant corporate operations Pay full taxes timely to generate tax revenues and create job opportunities Conduct relevant businesses in response to the national major policies
Investors/ shareholders	Corporate governance and value creation Information disclosure and risk control	Improve corporate governance to enhance corporate values Timely disclose information Set up the communication mechanism with shareholders and investors
Clients	Product and service quality Protection of clients' rights and interests	Ensure product and service qualities Improve the post-leasing management mechanism, client service workflow, client compliance handling system and client communication mechanism



1. RUNNING STABLE AND ROBUST BUSINESSES AND STRENGTHENING RESPONSIBILITY GOVERNANCE (Continued)

Stakeholders	Expectations	Communications and Responses
Employees	<p>Protection of basic rights and interests</p> <p>Reasonable salary and welfare</p> <p>Promotion and growth opportunities</p> <p>Protection of health and safety</p> <p>Employee care</p>	<p>Abide by employment laws and regulations and perfect the employment system</p> <p>Adopt a competitive salary system and transparent promotion mechanism</p> <p>Organize career training for staff growth</p> <p>Offer health examinations and other staff care benefits</p>
Industrial organizations/ partners	<p>Promote healthy industrial development</p> <p>Mutually beneficial and win-win cooperation with partners</p>	<p>Deepen win-win cooperation with industrial partners</p> <p>Maintain sound relations and trustworthiness with major suppliers</p>
Media	<p>Sound interactions with the media</p> <p>Information disclosure</p>	<p>Improve media communications</p> <p>Disclose information via multiple channels</p>
Community/ Public	<p>Support community development</p>	<p>Organize charitable donations, social activities for the public good and volunteering activities</p> <p>Positive interaction with NGOs</p>
Environment	<p>Protect the environment and reduce energy consumption and emission</p>	<p>Green office</p> <p>Give priority to finance leasing support for environmentally friendly and energy-saving equipment</p> <p>Develop businesses related to new energy</p>

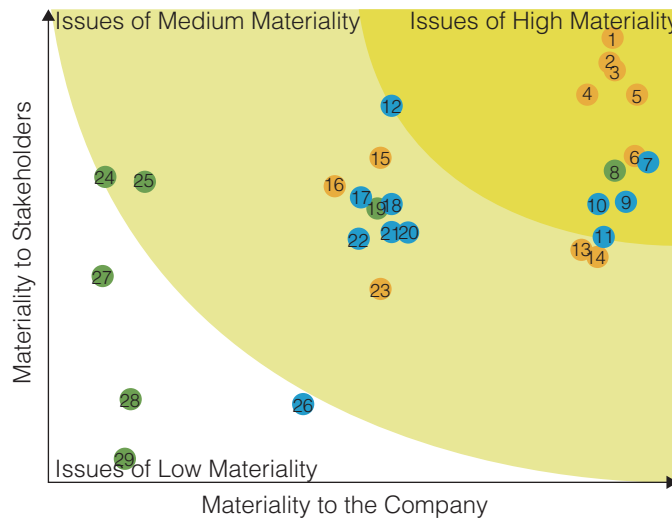
1. RUNNING STABLE AND ROBUST BUSINESSES AND STRENGTHENING RESPONSIBILITY GOVERNANCE (CONTINUED)



For the purpose of more thorough and precise understanding of the expectations and requests of stakeholders for the relevance and materiality of the Report, we strictly follow the procedures for the analysis of material issues by stakeholder questionnaires to select key issues with more materiality. Accordingly, we continue to improve the sustainable development management to ensure that the development strategy of the Group is aligned with material issues and balanced with the requests of stakeholders.

According to the results collected from the questionnaires of internal and external stakeholders, and based on the materiality and stakeholders' engagement principles, we prioritize issues from the two dimensions of "materiality to corporate development" and "materiality to stakeholders" and select such issues that are more material for both dimensions as focus of concern and response in this Report.

ESG Materiality Matrix



1. RUNNING STABLE AND ROBUST BUSINESSES AND STRENGTHENING RESPONSIBILITY GOVERNANCE (Continued)

List of Material ESG Issues		
Issues of High Materiality	1	Responsibility governance
	2	Anti-corruption and anti-bribery
	3	Green finance
	4	Compliant operation
	5	Risk management
	6	Credit management rating and disclosure
	7	Employees' safety and health
	8	Response to climate change
	9	Employees' remuneration and benefits
	10	Talent attraction and retention
	11	Employee training and development
	12	Consumer privacy protection
Issues of Medium Materiality	13	Inclusive finance
	14	Financing opportunity equality
	15	Service for national strategies
	16	Anti-unfair competition
	17	Client complaint handling
	18	Product and service quality
	19	Energy conservation
	20	Intellectual property right protection
	21	Labor standard
	22	Support for social welfare
	23	Proper marketing and promotion
	24	Environmental management of the leased assets
	25	Greenhouse gas and carbon emissions
Issues of Low Materiality	26	Social responsibility in value chain
	27	Water resource management
	28	Waste management
	29	Wastewater management

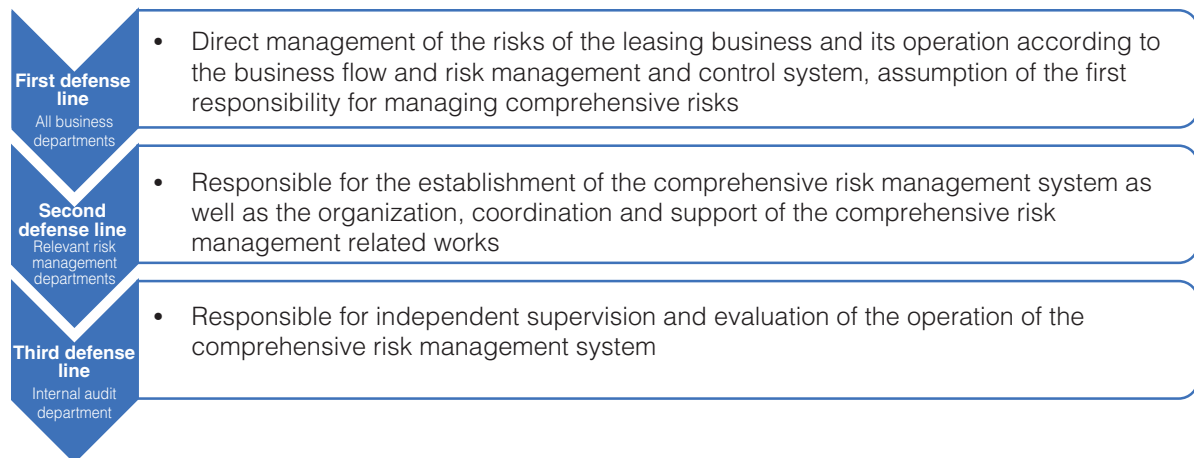
1. RUNNING STABLE AND ROBUST BUSINESSES AND STRENGTHENING RESPONSIBILITY GOVERNANCE (CONTINUED)



1.3 RISK AND COMPLIANCE MANAGEMENT

CDB LEASING is faced with various risks in its ordinary course of business, including credit risk, market risk, liquidity risk, operation risk, information technology risk, reputation risk, etc. With the strategic goals and targets of supporting the sustainable development of business and enhancing the Group's value, we have established and continue to improve the "omni-bearing, whole-process and fully manned" comprehensive risk management system, advocates and cultivates the risk philosophy and culture of "everyone is equally held accountable for risk management", and forms the sound risk management structure and system. There is a refined division of labor among all business lines, risk management departments and internal audit department for constant recognition, evaluation and monitoring of risks in the ordinary course of business to achieve the proper balance between risk and benefit.

Comprehensive risk management system:



We identify, evaluate, monitor, alarm, control, mitigate and report various risks based on the characteristics of the leasing industry to constantly deepen the understanding about risks of industries that CDB LEASING is engaged in, to promote the establishment of the risk measurement system and to strengthen the active monitoring, early warning, handling and management of risks proactively. We reduce the overall business risks with portfolio management on assets of different countries, regions and industries, strive to maximize risk returns by proactive adjustment to industry business strategies, stepping up the client admittance standards and improving the risk pricing system, and achieve value creation of risk management by promoting improving business quality and resource allocation efficiency of the Group.



1. RUNNING STABLE AND ROBUST BUSINESSES AND STRENGTHENING RESPONSIBILITY GOVERNANCE (Continued)

As the governance capability as well as environmental and social impacts of the Company are gaining increasing attention, we also incorporate ESG risk management and control into ordinary course of business. We support international responsible financing principles and sector-specific guidelines to help manage environmental sustainability risks. We also require that all business departments conduct a sustainability risk analysis on the leased assets of the Group to ensure the products and services we offer are in line with the relevant regulatory requirements for sustainable development.

In 2018, guided by the national policies in relation to further intensifying supervision of the financial industry, preventing and resolving financial risks, and maintaining systematic finance stability, we continue to enhance the comprehensive risk management system by improving the risk preference, limit and early warning management system; continue to optimize the credit rating model and pricing policy, and level up credit risk measurement, which have improved the precision of risk management and control; enhance step by step the level of refinement of post-rental management and conduct various special risk inspections, which have amplified the forward-looking nature of risk management and control; conduct in-depth list-based management, and enhance the early warning and monitoring of risk projects to steadily improve the efficiency of risk mitigation and control; and ensure strict implementation of the accountability mechanism and strengthen special risk training to enhance employees' sense of compliance and responsibility.

- Establishment and improvement of the compliance risk management structure to achieve effective identification and management of compliance risks and ensure that all compliance risk indicators meet regulatory requirements
- Strengthening effective communication with regulatory authorities and facilitating efficient interaction between the Group's internal compliance with external supervision to fully cooperate with regulation and inspection, and further improve the Group's internal control and management system for compliance by enhancing rectification according to inspection opinions
- Further cultivating the culture of compliance by promoting the professional ethics and value of honesty and integrity, establishing an effective compliance accountability mechanism as well as an investigation and mechanism for employees' behaviors, and carrying out compliance trainings and seminars on a regular basis to strengthen the compliance awareness of all employees



1. RUNNING STABLE AND ROBUST BUSINESSES AND STRENGTHENING RESPONSIBILITY GOVERNANCE (CONTINUED)



1.4 INTEGRITY AND INTELLECTUAL PROPERTY RIGHT MANAGEMENT

- **Integrity and honesty**

In terms of the integrity related risk, CDB LEASING strictly abides by the Company Law of the People's Republic of China, the Anti-money laundering Law of the People's Republic of China, the Interim Provisions on Banning Commercial Bribery and other laws and regulations on anti-bribery, blackmail and money-laundering. We have internally formulated the *CDB Financial Leasing Co. Ltd.'s Management Rules on the Reporting of Major Risks and Issues (Trail)* (《國銀金融租賃股份有限公司重大風險和問題報送管理辦法(試行)》), *CDB Financial Leasing Co. Ltd.'s Management Rules on Anti-Fraud (Trail)* (《國銀金融租賃股份有限公司反舞弊管理辦法(試行)》) and *CDB Financial Leasing Co. Ltd.'s Management Rules on Anti-money Laundering (Trail)* (《國銀金融租賃股份有限公司反洗錢管理辦法》), etc., with focus on crucial areas and key stages, so as to promote the establishment of the integrity related risk prevention and control mechanism of the Company. With the purpose of providing guidance for the anti-corruption related works of aviation subsidiaries, we formulated the *Guidelines for Anti-bribery and Anti-corruption Policies of CDB Aviation Company* (《國銀航空公司反賄賂、反腐敗政策指南》). We have set up a special mailbox and e-mail for complaints and reporting to provide the public with various reporting channels.

Integrity performance in 2018:

Addition of four types of conversations, including the reminding conversation with persons at positions with integrity risk, preliminary conversation on verification of reporting letters and visits, conversation on inquiry of non-performing leasing projects and conversation on verification on case under investigation, forming a list comprising of 11 types of conversations

Invited experts for two special training sessions on integrity education

Approximately 30 hours of education on anti-corruption with over 1,000 participants per time

Reminding text messages on important holidays for seven times

Conversations on discipline inspection and supervision with three persons per time



1. RUNNING STABLE AND ROBUST BUSINESSES AND STRENGTHENING RESPONSIBILITY GOVERNANCE (Continued)

- **Intellectual property right protection**

In compliance with the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Anti-unfair Competition Law of the People's Republic of China* and other laws and regulations, CDB LEASING respects the intellectual property rights of others, encourages and protects fair competition as well as prevent unfair competition to do our utmost to safeguard the legitimate rights and interests of others from infringement. We guarantee that genuine software is installed in all office equipment. In the production of promotional materials, we attach great importance to whether the use of fonts, pictures, trademarks, copywriting and other contents would infringe the rights and interests of other organization and individuals.

1.5 CUSTOMER AND SERVICE QUALITY MANAGEMENT

We respect the privacy of our customers. For the purpose of ensuring customer information security, the Group formulated the *Administrative Measures for Information Security of CDB Development Bank Financial Leasing Co., Ltd.* (《國銀金融租賃股份有限公司信息安全管理辦法》) to strengthen the management of information security, prevent computer information technology risks, and ensure the safe and stable operation of computer network and information system.

The information security management system covers 13 aspects including network security management, information system security management, client security management, sensitive information management, document, data and password application security management, etc. Such system requires information security management staff, departmental computer security staff, technical support personnel, business system operation personnel, general computer users and other staff at all levels to perform corresponding responsibility of information security assurance according to different positions or terms of reference. In terms of any violations, we will impose corresponding penalty on the responsible person.

We have the border firewall, WAF (Web Application Firewall), anti-webpage tampering and other professional technical protection equipment and defense system in place, adopt multi-level technical protection measures such as 24/7 cloud monitoring of the Company's official website, and 24/7 monitoring of the availability of the official website, web contents and sensitive wordings. If problems are found, the alert notifications will be delivered immediately through e-mail, text message and telephone call.

1. RUNNING STABLE AND ROBUST BUSINESSES AND STRENGTHENING RESPONSIBILITY GOVERNANCE (CONTINUED)



In 2018, we tested data backup and recovery technology for the newly-operated important systems to prevent the risk of material data loss, and carried out information security operation training for IT personnel and information security awareness training for all employees. We also improve information management with respect of system establishment, indicator management and process optimization.

Strengthening the establishment of the information technology management system

- Formulating the Administrative Measures for Data Standard of China Development Bank Financial Leasing Co., Ltd. (《國銀金融租賃股份有限公司資料標準管理辦法》) and the Administrative Measures for Establishment of Information System of China Development Bank Financial Leasing Co., Ltd. (《國銀金融租賃股份有限公司信息系統建設管理辦法》)
- Specifying the organizational structure, standard formulation, execution and revision as well as review procedures for data standard management
- Clarifying the organizational structure of the information technology management system, demand management and the whole-process management of system establishment

Formulation of information technology risk monitoring indicators

- Incorporating into the Group's risk preference, limit and earning warning indicator system for unified management, which are monitored, evaluated and reported on a quarterly basis

Optimization of management procedures and technical management and control

- Ensuring secure and controllable change in production environment in the event of batch system development and operation to reduce operation risk

Case: The “National Security and Confidentiality Education and Promotion Month” Event

In July 2018, CDB LEASING took the initiative in carrying out the “National Security and Confidentiality Education and Promotion Month” event. The confidentiality office of the Company carefully prepared the plan for the event and set up a group for the establishment of the people's defense line of national security.

Meanwhile, we made full use of various promotion channels, such as promotion of the National Security Law of the People's Republic of China and confidentiality knowledge in the form of exhibition boards, repeated playing of promotional animations named “Anti-espionage Law” and “Anti-espionage Action” on the screens in corridors and restaurants, conducted special clean-up and inspection of intranet and internet mailboxes, and took multiple measures to enhance publicity.

Through years of special promotion events, CDB LEASING has carried out in-depth popularization of laws and regulations and created a strong atmosphere for the culture of confidentiality, which has fully enhanced the national security and confidentiality awareness of all employees. In addition, the confidentiality organization has been further consolidated, which was conducive to safeguarding information security and stable operations.



1. RUNNING STABLE AND ROBUST BUSINESSES AND STRENGTHENING RESPONSIBILITY GOVERNANCE (Continued)



For the purpose of further improvement of post-tenal management and promotion of comprehensive financial service, since 2018, we have set up a reception and complaint hotline for small and micro enterprises and natural person lessees to make complaints, and established a complaint and feedback mechanism to timely deal with the feedback from lessees in the process of post-tenal management and improve customer satisfaction. In 2018, the Group received a total of 28 complaints, all of which have been properly addressed, and through which, the comprehensive customer financial service has been improved.

1. RUNNING STABLE AND ROBUST BUSINESSES AND STRENGTHENING RESPONSIBILITY GOVERNANCE (CONTINUED)



1.6 RESPONSIBLE SUPPLY CHAIN MANAGEMENT

CDB LEASING has always adhered to the supply chain management policy of “laying equal stress on quality and efficiency” and standardized the management of supplier selection to ensure that the purchased materials meet quality standards. We formulated the Implementation Rules for Centralized Procurement of China Development Bank Financial Leasing Co., Ltd. (《國銀金融租賃股份有限公司集中採購工作實施細則》), which stipulates open and transparent procurement process, equal treatment to all suppliers and strict confidentiality of sensitive and classified information involved in the procurement process. CDB Aviation Company, a subsidiary of the Group, also formulated the Procurement System of CDB Aviation Company (《國銀航空公司採購制度》) to ensure standard operation of the procurement process.

We push forward the Sunshine Procurement Project, which uses a unified electronic tender and procurement transaction platform to enhance open and centralized procurement. On such electronic procurement platform, tender announcements, bid opening records, bid-winning candidates and bid-winning notice are made public for suppliers and the public to supervise the bidding process of each project, which makes the bidding process more open and transparent and maximizes the basic rights and interests of suppliers provided that the quality of materials or services is guaranteed.



2. SERVING NATIONAL STRATEGIES AND SUPPORTING THE REAL ECONOMY

Centered closely around the goal of “serving national development strategies” and adhering to the original purpose of “serving the real economy”, we give full play to our synergy with CDB to proactively support the development of the aviation industry, promote regional infrastructure construction and development, advance industrial transformation and upgrading, and level up the service of financial leasing for key fields such as the “Belt and Road” initiative and inclusive finance.

The UN's Sustainable Development Goals and Targets

Our Actions



- Provision of leasing service for water, gas and heat supply pipes and other operating facilities in 17 provinces, autonomous regions and municipalities
- Innovation of the organized, platform-based, mass customized and systematic business mode
- Provision of finance leasing services for over 30,000 medium, small and micro enterprises including terminal customers of commercial vehicle and construction machinery leasing
- Provision of leasing services for 20 highway assets in 12 provinces including Yunnan, Fujian, Henan, Hubei, etc., with leased assets over RMB36 billion
- Provision of finance leasing services for urban rail transit in Tianjin, Wuhan, Kunming, Nanjing, Changsha, Ningbo and other cities
- Provision of affordable housing leasing services for four provinces, autonomous regions and municipalities
- Provision of energy and power equipment leasing services for companies in 18 provinces, autonomous regions and municipalities




2. SERVING NATIONAL STRATEGIES AND SUPPORTING THE REAL ECONOMY (Continued)



2.1 SUPPORT FOR THE DEVELOPMENT OF THE AVIATION INDUSTRY

According to the common practice of the international aviation industry, approximately two-thirds of the fleet of foreign airlines obtain the aircraft use rights by leasing, so as to adjust flexibly the composition of aircraft types of the fleet. The development of China's aviation industry and the implementation of the "Large-scale Aircraft" strategy depend on the support of strong aircraft leasing.

As the first domestic financial leasing company engaging in the aircraft leasing business, CDB LEASING has the world's leading aircraft leasing business with the continuous development of the Company, and leases aircraft to airlines in China and other parts of Asia, Europe, South America and Africa, making the Company an important partner of aircraft manufacturers (such as Airbus and Boeing) and engine manufacturers (such as CFM International, International Aero Engines and Pratt & Whitney).



"Accelerating the development of the aircraft leasing industry is conducive to expanding fleet size, enhancing aviation service capability and comprehensive emergency response capability of the state, optimizing the allocation of financial resources, promoting financial business diversification and balance of payments."

Opinions about Accelerating the Development of Aircraft Leasing Industry (《關於加快飛機租賃業發展的意見》) issued by the General Office of the State Council in 2013

In 2018, CDB LEASING undertook more projects than those in the previous year, which supported the continuous growth of the Group's aircraft leasing platform. As of the end of the Reporting Period, the Group has a total of 427 aircraft, consisting of 226 owned aircraft, 5 managed aircraft and 196 committed aircraft. The Group has always maintained a high proportion of the new aircraft with high efficiency and low fuel consumption in our aircraft orders. In 2018, we had an addition of 17 energy-saving aircraft, which contributed to the greenhouse gas emission reduction by 22,599 tonnes of CO₂ equivalent.



2. SERVING NATIONAL STRATEGIES AND SUPPORTING THE REAL ECONOMY (Continued)

Case: Delivery of First Aircraft under the A320neo Order to Loong Airlines by CDB Aviation

On September 18, 2018, China Development Bank Aviation Financial Leasing Company Limited (“CDB Aviation”), a wholly-owned subsidiary of CDB LEASING in Ireland, announced the official delivery of its first aircraft under the A320neo (New Engine Option) Order to Zhejiang Loong Airlines.

The Airbus A320neo aircraft is the improved version of the existing A320 aircraft. Equipped with a new high-efficiency engine and Airbus’ latest Sharklet, A320neo aircraft is able to reduce fuel consumption by 15% as compared with that of the existing A320 aircraft, resulting in the annual reduction of over 1,000 tonnes of CO₂ emissions per aircraft, which is equivalent to the annual emissions of 200 private cars.

“We are delighted to deliver aircraft once again to our long-term partner Loong Airlines”, said Mr. Patrick Hannigan, chief marketing officer of CDB Aviation, “We look forward to furthering cooperation with Loong Airlines. With the delivery of Airbus A320neo aircraft, CDB Aviation will continue to assist Loong Airlines in expanding its domestic and overseas network layout centered on Hangzhou.”

“We are more than pleased to cooperate with CDB Aviation”, said Mr. Liu Qihong, chairman of Zhejiang Loong Airlines, “With nearly five years of development and accumulation, Zhejiang Loong Airlines has grown into the backbone of China’s aviation industry with outstanding comprehensive competitiveness and great development potential. Zhejiang Loong Airlines will continue to expand its business scale step by step, and looks forward to furthering cooperation between the two sides to achieve win-win and common development.”



2. SERVING NATIONAL STRATEGIES AND SUPPORTING THE REAL ECONOMY (Continued)

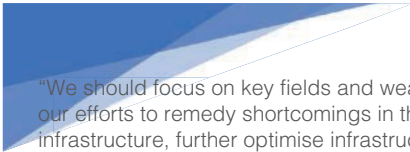


2.2 SUPPORT FOR INFRASTRUCTURE CONSTRUCTION

Well-developed and optimised infrastructure represents the backbone of the modern society, as well as the foundation and necessary conditions of economic development. Financial investment provides strong support for promoting infrastructure construction, increasing employment and improving people's livelihood.

CDB LEASING practically implemented the overall deployment of the State, constantly optimised asset structure of infrastructure, and provided fund support for construction in local key fields.

- **Transportation infrastructure:** Leasing of toll roads and rail transit equipment. As of the end of the Reporting Period, the existing leasing projects of the Group include toll roads and rail transit equipment in ten provinces in the PRC.
- **Urban infrastructure:** Leasing of municipal facilities and social housing. As of the end of the Reporting Period, the Group provided leasing services for water, gas, heating, pipelines and other operational facilities in 17 provinces, autonomous regions and direct controlled municipalities in the PRC, and provided social housing leasing service in four provinces, autonomous regions and direct controlled municipalities in the PRC.
- **Energy infrastructure:** Leasing of energy and electric power equipment. As of the end of the Reporting Period, the Group mainly provided energy and electric power equipment leasing services to enterprises in 18 provinces, autonomous regions and direct controlled municipalities in the PRC.



"We should focus on key fields and weaknesses, maintain our efforts to remedy shortcomings in the area of infrastructure, further optimise infrastructure and public services, improve the quality of supply of infrastructure, and better leverage the key function of effective investment in optimising supply structure, in order to maintain steady and healthy economic development."

[The Guiding Opinions on Maintaining Efforts to Remedy Shortcomings in the Area of Infrastructure issued by the General Office of the State Council in 2018](#)



2. SERVING NATIONAL STRATEGIES AND SUPPORTING THE REAL ECONOMY (Continued)

Case: We established cooperation with Shanxi Transportation Holdings, to support construction of transportation infrastructure.

CDB LEASING has entered the rail transit industry since 2005, and successively established its presence in financing leasing business of urban rail transit in Tianjin, Wuhan, Kunming, Nanjing, Changsha, Ningbo, etc. Construction of rail transit projects is of great significance to driving and guiding structural adjustment to urban space, promoting implementation of overall urban planning, and forming the framework of urban rail transit network in a timely manner.

In 2018, CDB LEASING started cooperation with Shanxi Transportation Holdings Group Co., Ltd. (山西交通控股集團有限公司) on Datong-Xinguangwu Expressway, Xinguangwu-Yuanping Expressway and Shuozhou Loop Line Southwest Section Expressway, pursuant to which CDB LEASING shall provide financial support to Shanxi Transportation Holdings Group Co., Ltd. on leased assets of Datong-Xinguangwu Expressway, Xinguangwu-Yuanping Expressway and Shuozhou Loop Line Southwest Section Expressway. This project provided significant support to the reform of the state-owned system of Shanxi Province, resolved government debts, and promoted sound and orderly development of transportation industry in Shanxi Province.



2. SERVING NATIONAL STRATEGIES AND SUPPORTING THE REAL ECONOMY (Continued)



Case: We supported maintenance and construction of public rental housing in Kunming City.

In 2018, the State Council issued policies to encourage and undergo rapid development of housing rental market, focusing on development of the leading, regulating, stimulating and adjusting functions of state-owned leasing enterprises to the market. In the same year, the Municipal Party Committee and the Municipal People's Government of Kunming clearly proposed provision of support to the development of scale-up leasing, and integrated lease of housing into the business scope of state-owned companies.

In 2018, CDB LEASING, by utilizing 2,832 suites of public rental housing in Zijun Village, Kunming City as the leased assets, provided financial support to Kunming Public Rental Housing Development, Construction and Management Co., Ltd. (昆明市公共租賃住房開發建設管理有限公司), for supporting maintenance and construction of housing rental projects. CDB LEASING fully performed its social responsibility and gave full play to its functions as a “stabilizer” and “ballast stone” in housing rental market in light of supply-side structural reform of housing, which is of great significance to further satisfaction of the housing demand of mid- and low-income groups in the PRC.



2. SERVING NATIONAL STRATEGIES AND SUPPORTING THE REAL ECONOMY (Continued)

2.3 FACILITATING THE UPGRADING OF INTELLIGENT MANUFACTURING

As the entity of the national economy, manufacturing industry is the foundation underlying all efforts to develop the country, the tool for prospering the country and the basis to strengthen the country. As an important platform for resource allocation, financial industry has its unique advantages to serve and support manufacturing industry. As an asset credit-based financial instrument integrating finance, trade and service, financial leasing serves as a link beneficial for connecting industry and finance, becoming an effectively supplemental financing channels including traditional bank credits.

In order to facilitate the development of high-tech manufacturing industry, CDB LEASING proactively implemented related industry research and business exploration, and continued to promote the development of leasing business in segments such as machine tool and high-end equipment, so as to support all-around upgrade of equipment manufacturing. In 2018, the Group made an investment of RMB816 million. Looking forward, CDB LEASING will, under a planned and targeted approach, promote business in equipment manufacturing industry, strategic emerging industry, environmental protection industry and manufacturing industry sectors supported by national policies, and will actively make progress in innovation on product models.



2. SERVING NATIONAL STRATEGIES AND SUPPORTING THE REAL ECONOMY (Continued)



Case: We joined hands with SMTCL (瀋陽機床) to promote i5 intelligent machine tool equipment.

In early 2018, CDB LEASING and SMTCL entered into the Strategic Cooperation Agreement. In this cooperation, RMB5,000 million was proposed to promote leasing of i5 intelligent machine tool equipment, for the main purpose of transformation and upgrading and operation model transition of SMTCL.

As the “mother machine” of manufacturing industry, machine tool is the cornerstone of the whole manufacturing industry. i5 intelligent machine tool is a new type of machine tool based on information-driven technology and computer technology featuring effective interconnection among human, machine and items, by taking Internet as the carrier and focusing on providing customers with services throughout product’s service life, and makes intelligent social production and individual customization possible. Currently, i5 digital-controlled system of SMTCL and the high-end digital-controlled system of Siemens and FANUC are regarded as the top three digital-controlled system in the world machine tool industry. i5 digital-controlled system of SMTCL is equipped with robust economic value and great strategic significance to the improvement of strategic position of national aviation, aerospace and military industry.

This cooperation will be conducive to the implementation of the policy on supporting the real economy via finance, by giving a full play to both the financial advantage of CDB LEASING and the industrial advantage of SMTCL, and thus contribute to the intelligent equipment industry and new industrialization road upheld by the State.



2. SERVING NATIONAL STRATEGIES AND SUPPORTING THE REAL ECONOMY (Continued)

Case: We launched refinery-petrochemical integration project to support construction of national refinery-petrochemical industry projects.

In 2018, CDB LEASING launched the 40 million Tonnes/Year Refinery-Petrochemical Integration Project (Phase I). Such project is to leverage the functions of financing assets and financing capital of underlying assets based on the underlying assets of refinery integration equipment, and to support construction of major national projects through diversified portfolio of financial products by effectively replenishing the medium and long-term funds of the syndicate. This project will become an important project for our nation to participate in international competitions in petrochemical field. Upon completion, this project will effectively alleviate the domestic supply shortage of xylene and ethylene, and will improve international competitiveness of the refinery-petrochemical industry of the PRC.



Panoramic view of the construction of the project as of 2018



Equipment installed in the construction of the project



2. SERVING NATIONAL STRATEGIES AND SUPPORTING THE REAL ECONOMY (Continued)



2.4 SUPPORT FOR THE GROWTH OF SMALL AND MICRO ENTERPRISES

Inclusive finance aims to provide appropriate and effective financial services to all levels and groups of society which have needs for financial services at affordable cost based on requirements such as equal opportunities and the principle of business sustainability. In particular, small and micro enterprises are currently one of the key service targets of inclusive finance in the PRC.

"By 2020, we will build an inclusive finance service and support system compatible with comprehensive establishment of a moderately prosperous society in all respects, in order to effectively improve the availability of financial services, and remarkably increase people's sense of gain as to financial services."

Plan for Advancing the Development of Inclusive Finance (2016-2020) issued by the State Council in 2015

CDB LEASING, in light of policy orientation and market demand, put greater efforts in addressing the problem of "difficult, troubled and costly financing" faced by medium, small and micro enterprise customers and natural person customers in vehicle leasing and construction machinery leasing. The Group, in light of the characteristics of inclusive finance business, developed special administration system, review decision-making mechanism, business management process as well as post-lease management system for vehicles, construction machinery, etc., prioritized investment in inclusive finance business, so as to support the development of small and micro enterprises and the real economy. As of the end of 2018, the Group provided financial services to an aggregate of 5,824 medium small and micro enterprises.

- Vehicle Leasing: The Group, by focusing on the dual cores, namely "upstream promotion" and "downstream financing", provided featured small and micro financial leasing services and intensively developed professional operation. "Zulintong" business could provide one-stop services along the whole industry chain including manufacturers, distributors and purchasers. As of the end of 2018, the Group leased an aggregate of 34,288 commercial vehicles. Based on commercial vehicle leasing business, CDB LEASING in 2018 for the first time tried to expand passenger vehicle leasing business, and implemented sale-leaseback business of passenger vehicle asset package with several leasing companies.



2. SERVING NATIONAL STRATEGIES AND SUPPORTING THE REAL ECONOMY (Continued)

- Construction machinery leasing business: “Zulinbao” business has provided financing support to over 30,000 end users including natural persons, medium, small and micro enterprises and large construction enterprises across the country. As of the end of 2018, the Group leased an aggregate of 59,874 sets of various types of construction machinery, including earthmoving machinery, concrete machinery, lifting machinery, piling machinery, transport machinery, mining machinery, agricultural machinery, road building machine and building machinery, and supported construction of various projects in fields including mining, water conservancy, high speed rail, subway, expressway, building, electric power and agriculture and forestry.

Case: We established long-term strategic cooperation relationship with Xuzhou Construction Machinery Group Co., Ltd. (XCMG) to facilitate the development of the inclusive and real economy.

We shared the same spirit as the culture of China Development Bank highlighting “increasing national power and improving people’s livelihood”, and made efforts to fulfill our corporate mission “leading China’s leasing industry, serving the real economy”. In upstream of business, we actively carried out leasing business with XCMG, a leading enterprise in construction machinery, to support the real economy and the development of national industry; in downstream of business, actively responding the call of the Central Government, CDB LEASING directly and indirectly addressed the problem of “difficult, troubled and costly financing” faced by medium, small and micro enterprise customers through financial leasing by taking the construction machinery of XCMG as carrier, and actively supported the development of inclusive finance and thus brought benefits to all medium, small and micro enterprise customers. As of the end of 2018, we and XCMG have formed a RMB15,000 million comprehensive credit scale, with a balance of asset of RMB12,350 million, under which an aggregate of RMB29,790 million were granted to 14,837 small and micro enterprises and natural persons, involving 37,009 sets of construction machinery equipment.



3 JOINT EFFORTS FOR GREEN DEVELOPMENT AND BALANCED ECOSYSTEM



Guided by the “green” development strategy, CDB LEASING properly fulfilled national requirements on developing a green financial system and the original spirit of leasing for serving the real economy, increased its efforts in implementing green leasing, and supported entities in green fields including clean energy and environmental protection transportation, with a specialized, market-oriented and international management concept, and continued to strengthen the management of its own green office, so as to cultivate a more civilized and harmonious ecosystem.

UN Sustainable Development Goals

Our Actions



- We provided energy and electric power equipment leasing services to enterprises in 18 provinces, autonomous regions and direct controlled municipalities in the PRC.



- In 2018, we invested RMB3,421 million in green energy projects, generated an aggregate of electric power of 626,007 MWh via clean energy power stations, and achieved reduction of greenhouse gas emission by 465,139 tonnes of carbon dioxide equivalent.
- We provided financing support to pure electric buses in Shenzhen city by providing financing support of RMB2,767 million to an aggregate of 4,081 new energy vehicles (including public transportation), involving customers including state-owned public transportation companies and small and micro enterprise. We indirectly provided financing support to 21,735 new energy passenger vehicles and granted an aggregate of loans of RMB913 million for the support of the green development of the city.
- In 2018, we delivered 17 energy-efficient vessels, thereby reducing greenhouse gas emission by approximately 16,000 tonnes of carbon dioxide equivalent.
- In 2018, we held a total of 187 paperless meetings with cumulative 3,685 attendees, hence saving 273,603 pieces of papers.



3 JOINT EFFORTS FOR GREEN DEVELOPMENT AND BALANCED ECOSYSTEM (Continued)

3.1 SUPPORT FOR CLEAN ENERGY SUPPLY

Climate change has become a global controversial topic and the impacts brought by it have become an issue of universal concern in the world. In China, climate and climate-derived disasters have accounted for 95% of total losses caused by natural disasters. For financial lease industry, whether the risks relating to regulation and market transformation brought by economic transformation of low carbon and clean energy can be proactively predicted and addressed are the major risks encountered by the industry in respect of climate change. Therefore, green lease business mainly based on clean energy is also gradually becoming a segment market for financial lease companies to cope with climate change related risks via innovation.

CDB LEASING took active actions in response to the risks brought by climate change, by actively providing financial support to clean energy industry, reducing investment in high-pollution and high-emission industries, constantly increasing investment in new energy areas and reducing the impact of greenhouse gas emission on climate change. Meanwhile, we are also gradually improving our specialization level in climate risk governance. The Group has established the green business department in respect of new energy business, which is responsible for further improving the specialization level of green business management in respect of review rules, post-leasing management and risk control. In the future, the Group will constantly explore promotion of the development of green finance via leasing under market-oriented approach by focusing on three major business segments, namely clean energy, energy conservation and environmental protection and circular economy. In addition to the support for deployment in several new energy areas including photovoltaics, wind power and nuclear power, the Group also proactively expanded from clean energy supply to clean heating, clean heating and other application fields, in an effort to build a full industry chain of clean energy.

As of the end of the Reporting Period, the Group provided energy and electric power equipment leasing services to enterprises in 18 provinces, autonomous regions and direct controlled municipalities in the PRC. In 2018, the Group invested RMB3,421 million in green energy projects, generated an aggregate of electric power of 626,007 MWh via clean energy power stations, and achieved reduction of greenhouse gas emission amounting to approximately 465,139 tonnes of carbon dioxide equivalent.



3 JOINT EFFORTS FOR GREEN DEVELOPMENT AND BALANCED ECOSYSTEM (Continued)



Case: We joined the Green Leasing Development Community of China to promote green finance.

In September 2017, CDB LEASING took the lead in joining the first “Green Leasing Community” in China, in order to constantly promote the development of green finance and the implementation of green finance in leasing industry in a featured leasing form.

In 2018, CDB LEASING and Yulin Kong Sun Yongchen New Energy Co., Ltd. (榆林市江山永宸新能源有限公司) (“Jiangshan Yongchen”), a wholly-owned subsidiary of Kong Sun Holdings Limited (江山控股有限公司) (“Kong Sun Holdings”, 00295.HK) engaging in investment and operation of solar power stations, entered into the financial leasing contract. 300MW solar power station project of Kong Sun Yongchen is located in Xiaohaotu Village, Yuyang District, Yulin City, Shaanxi Province, and is one of the largest single solar power generation projects in China.

Case: We joined hands with Beijing Enterprises Clean Energy to develop clean energy.

On July 12, 2018, CDB LEASING and Beijing Enterprises Clean Energy Group Limited (北控清洁能源集团有限公司) (hereinafter referred to as “Beijing Enterprises Clean Energy”) entered into a RMB10,000 million strategic cooperation agreement.

Beijing Enterprises Clean Energy(01250.HK), an enterprise controlled by Beijing Enterprises Group, specializes in the development, construction, operation and management of photovoltaic power generation, wind power generation and clean heating projects. Based on the foundation of smooth cooperation in clean energy heating projects at early stage, entering into this contract will expand the cooperation between both parties in the areas including photovoltaics, wind power and energy storage, and will enable both parties to deepen their cooperation by fully utilizing their respective advantages in project, technology, fund, etc., and to constantly develop clean energy by way of financial leasing.



3 JOINT EFFORTS FOR GREEN DEVELOPMENT AND BALANCED ECOSYSTEM (Continued)

3.2 PROMOTION OF TRAVELLING BY NEW ENERGY VEHICLES

Over recent years, the State has paid close attention to the development of new energy vehicle industry. The development of new energy vehicle industry will be one of the important ways to safeguard state energy security, materialize state energy transformation, and develop low-carbon economy, and will be the only way for developing our nation from a big country to a powerful country in automobile industry. Currently, new energy vehicle is at the phase of large scale research and application. Therefore, accelerating investment and financing services of new energy passenger vehicles and commercial vehicles will be a promising outlook for green lease.

CDB LEASING is one of the earliest financial leasing companies established in China to implement new energy vehicle leasing business. We have always followed up national special new energy vehicle R&D and implementation plans, by innovating on leasing business models, integrating manufacturer sources, facilitating integration of new energy vehicle industry with financial leasing in all aspects and materializing balanced development between the real economy and virtual economy. The Group supported the implementation of energy conservation and emission reduction strategy in all aspects, and made its contributions to the development of green economy by increasing its new energy coaches for leasing to 4,081 vehicles, providing indirect financing support to 21,735 new energy passenger vehicles, and granting an aggregate of loans of RMB913 million during the Reporting Period.



3 JOINT EFFORTS FOR GREEN DEVELOPMENT AND BALANCED ECOSYSTEM (Continued)



Case: We supported low-carbon travelling in Shenzhen with green buses.

Shenzhen city is the first city in China to realise pure electric buses across the city. Behind this low-carbon travelling blueprint, CDB LEASING played a vital role. Since the launch of the first financial leasing business of BYD pure electric buses in Shenzhen city, CDB LEASING has successively provided financing support to Shenzhen Eastern Bus Co., Ltd. (深圳市東部公共交通有限公司) and Shenzhen Bus Group Co., Ltd. (深圳巴士集團股份有限公司), and granted an aggregate of credit of RMB2,767 million, and therefore made positive contributions to the green development of the city.

CDB LEASING would support a green mileage of 703,006 kilometres per day based on the calculation of the daily average operation mileage of a pure electric bus amounting to 174.4 kilometres in Shenzhen city. Take a BYD pure electric bus K9 for example (which could save 41,666 litres of fuel oil, and reduce carbon dioxide emission of 95 tonnes, sulfur dioxide emission of 1.84 tonnes and NOx emission of 0.52 tonnes per year), CDB LEASING's new energy buses under lease could save 167,955,646 litres of fuel oil, and reduce carbon dioxide emission, sulfur dioxide emission and NOx emission of 382,954 tonnes, 7,417 tonnes and 2,096 tonnes, respectively.

In the future, we will continue to be committed to the integration of green finance with inclusive finance, to support the development of people's livelihood; we will proactively innovate on business model and develop new energy vehicle manufacturer leasing business; we will be committed to supporting the purchase of new energy vehicles by middle and small-sized enterprises closely related to thousands of households and individuals; we will respond to the call of the State to facilitate the promotion and application of intra-regional new energy vehicles across the nation.



3 JOINT EFFORTS FOR GREEN DEVELOPMENT AND BALANCED ECOSYSTEM (Continued)

Case: We joined hands with Guoxuan High-tech, to intensively develop new energy vehicle industry

On September 26, 2018, CDB LEASING and Guoxuan High-tech Co., Ltd. (國軒高科股份有限公司) (hereinafter referred to as “Guoxuan High-tech”) entered into the Strategic Cooperation Framework Agreement, pursuant to which both parties will increase their cooperation in many aspects, including production capacity expansion, marketing of power batteries and new energy vehicles, and construction of overseas projects of Guoxuan High-tech.

As far back as 2011, CDB LEASING and Guoxuan High-tech took the lead in carrying out cooperation in power battery leasing business in China, which unlocked a brand new operation model of electric buses in China, developed a new business model for subsequent promotion and operation of new energy vehicles, and set a model of business for supporting the development of new energy vehicle industry via leasing.

Currently Guoxuan High-tech is among the top 3 power battery manufacturers in China. Deepening the strategic cooperation with Guoxuan High-tech is a major strategic move of the Group to continue to carry out in-depth development of new energy vehicle industry.



3 JOINT EFFORTS FOR GREEN DEVELOPMENT AND BALANCED ECOSYSTEM (Continued)



3.3 PROMOTING THE USE OF ENVIRONMENTALLY FRIENDLY VESSELS

As an important integral part of advanced equipment manufacturing industry, shipbuilding industry plays a vital role in developing and stimulating the national economy. Further development and growth of shipbuilding industry is of great significance to accelerating marine development, safeguarding transport safety, promoting continuous growth of the national economy and increasing labor employment. Vessel leasing market size of China is growing while China is included in the big three shipbuilding powers in the world.

CDB LEASING launched its vessel leasing business since 2008, and selected environmental friendly, technologically advanced mainstream general bulk carriers meeting international rules and with relatively strong capability of preserving or increasing value as leased assets in the globe. CDB LEASING supported environmental friendly shipbuilders and optimised the asset structure of vessel fleet, so as to accelerate the upgrading of vessel fleet into a large-scale, high-end and energy-efficient one. During the Reporting Period, the Group leased 63 vessels including 17 energy-efficient vessels delivered, which reduced greenhouse gas emissions by approximately 16,000 tonnes of carbon dioxide equivalent.



3 JOINT EFFORTS FOR GREEN DEVELOPMENT AND BALANCED ECOSYSTEM (Continued)

Case: We commenced the building of the environmental friendly bulk carrier “CL RHINE RIVER” to support energy conservation, emission reduction and low-carbon development.

The project of ten 208000DWT bulk carriers to be built by Yangzijiang Shipbuilding (揚子江船業) for CDB LEASING was officially launched on May 25, 2018. Commencement ceremony of the first 208000DWT green energy-efficient bulk carrier “CL RHINE RIVER” was held at Yangzi Xinfu Workshop.

These vessels are designed by the Marine Design and Research Institute of China (MARIC) and will be built by Yangzijiang Shipbuilding Group. Hull form of “CL RHINE RIVER” features a vertical bow which would provide a good seakeeping during a fully loaded voyage and could effectively reduce the resistance during sailing in waves. With selected optimization of engine according to operational requirements, fuel consumption can be significantly reduced for voyage when a vessel sails at operational and economical speed.

According to the requirement on Energy Efficiency Design Index (EEDI) set out in the International Convention for the Prevention of Pollution from Ships (MARPOL), EEDI of this hull form could meet the requirement of phase II, i.e., it exceeds the existing international standard, and leads in energy conservation and environmental protection in shipbuilding industry. In addition, pursuant to the provisions of the International Maritime Organization (IMO) on NOx emission limit from exhaust of marine diesel engine, such hull form also satisfies Tier III NOx emission standard, and therefore will reduce air pollution caused by hazardous pollutant emission from marine diesel engine.

Note: International Maritime Organization (IMO) expressly stipulated NOx emission limit from exhaust of marine diesel engine through legislation. Since January 2011, Tier II emission control rules have been enforced within water of all Contracting Parties to the IMO. Tier II NOx emission limit is 16% to 20% lower than Tier I NOx emission limit, while Tier III NOx emission limit is 80% lower than Tier I NOx emission limit.



3 JOINT EFFORTS FOR GREEN DEVELOPMENT AND BALANCED ECOSYSTEM (Continued)



Case: We proposed to install ballast water treatment devices onboard bulk carriers to prevent invasion of alien species and protect ecological environment of water.

In October 2018, China applied to join the International Convention for the Control and Management of Ship Ballast Water and Sediments of IMO, the first international convention aiming to address invasion of alien species carried in ballast water in worldwide.

Closely keeping pace with the State in environmental protection, CDB LEASING planned to install ballast water treatment devices onboard 5 bulk carriers under operating leasing, at an estimated investment of approximately US\$2.4 million. As a result of stringent control over discharge of ship ballast water, the harm brought by discharge of ballast water to marine environment, human health, properties and resources could be prevented, reduced and ultimately eliminated, and the ecological environment of water would be protected.



3.4 STRENGTHENING GREEN OFFICE MANAGEMENT

Even the slightest actions could accumulate and make a difference. CDB LEASING is committed to creating green office by encouraging employees to develop good habits for environmental protection in routine work and make their contributions to reduction of carbon dioxide emissions and ecological footprint in office space.

In 2018, the Group issued the Plan for Reducing Cost and Increasing Efficiency of China Development Bank Financial Leasing Co., Ltd., which set forth standards for green office management in respect of office supplies, water and power, vehicles, meal, printing, etc., and remarkable results have been obtained.

- Office supplies management: Collection of items was managed and registered by division of department; old for new (such as stapler, calculator and telephone) activity was encouraged; quota management (such as paper and drinking water) is executed; particulars of collection of items and expenditure were published monthly; default setting of 2-Sided & Black-and-White was selected for the printer driver of each employee; paperless meeting system was implemented for reducing use of printed papers and expenditure of printing consumables. In 2018, we held a total of 187 paperless meetings with cumulative 3,685 attendees, hence saving 273,603 pieces of papers;



3 JOINT EFFORTS FOR GREEN DEVELOPMENT AND BALANCED ECOSYSTEM (Continued)

- Management of water and power for office use: We strengthened patrol inspection on the use of water and power in office area, public area, conference room and machine room. All employees were required to turn off their computers and water dispensers when getting off work, and to turn off the lights and air conditioners in office when there was no one in there; air conditioners were required to be maintained at normal temperature and faucets should be closed immediately after use of tap water;
- Drinking water management: Quantities of drinking water were determined and controlled under an on-demand method; Employees were required to take away their unfinished bottled mineral water after meeting;
- Vehicle management: We improved vehicle maintenance and use, and properly implemented energy conservation of office vehicles. Total mileages and fuel consumption per mileage were published by vehicle monthly according to the registration of fuel consumption and use of the Company's vehicles;
- Meal management: We tightened meal management in canteen, to prevent waste due to excessive food materials. Employees should take food on demand when they have meals in canteen, and should not waste any food;
- Printing management: We regulated document printing management to prevent waste. Documents that do not need to be printed should not be printed as far as possible; for documents that need to be printed indeed, the printing unit should be fully communicated in type setting and review phases, to improve efficiency and save resources.



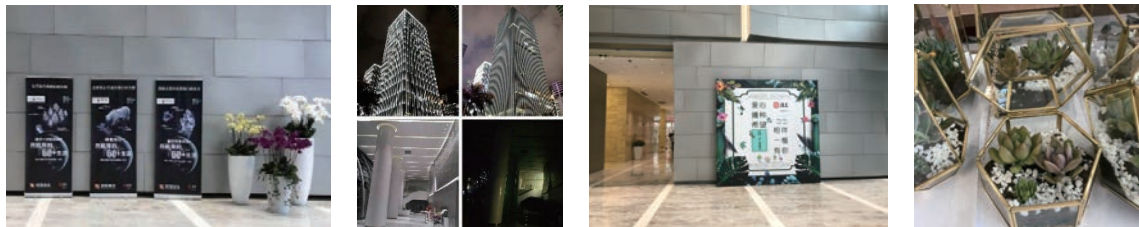
3 JOINT EFFORTS FOR GREEN DEVELOPMENT AND BALANCED ECOSYSTEM (Continued)



Case: Caring for the earth and sowing hope

“Earth Hour” is a worldwide energy conservation movement organized by the World Wide Fund for Nature (WWF) in response to global climate change. This event aims at arousing people’s responsibility for protecting the earth and their reflections on issues including climate change by encouraging them to voluntarily turn off lights for one hour on a specific day. On March 24, 2018, CDB LEASING organized the “Earth Hour” movement, and encouraged employees to “reduce use of plastics and disposable commodities”, “support green travelling” and “recycling of resources”, and called people for caring for the earth.

Immediately following the above movement, on April 28, CDB LEASING organized the second green activity – Labor Day “Sowing Hope with Love, Planting Always with You”. On the site of the event, we prepared many lovely succulents to allow colleagues to plant the seedlings of hope in the Spring of 2018 with their own hands, to experience the joy of labor and to increase their awareness of environmental protection.



4 SAFEGUARDING EMPLOYEES' RIGHTS AND INTERESTS AND FACILITATING EMPLOYEES' PERSONAL DEVELOPMENT

CDB LEASING valued talents as the precious resources of the Company to achieve tremendous operating results by the top notch talents. Accordingly, we have always upheld the “people-oriented” employment concept, and safeguarded employees' rights and interests in all aspects; we continued to promote diversified employee care programs, in order to improve the physical and psychological health of employees; we strived to create an equal, innovative, dynamic and friendly working environment, in order to provide platforms for employees' growth and development.

UN Sustainable Development

Goals

Our Actions



- Female employees account for 40%.
- We have always implemented fair, just and open recruitment and guaranteed compliance of labor employment with laws and regulations.



- In 2018, employee satisfaction reached 89.94%.
- Approximately 96% employees hold bachelor's degree or above.
- Approximately 53% employees hold master's degree or above.
- We developed the Implementing Rules for Employee Training of China Development Bank Financial Leasing Co., Ltd. (Trial) to strengthen and regulate work on employee education and training.
- We developed four major training modules, namely Sailing Program, Voyage Program, Cruising Program and Pilot Program. We also introduced the annual card for offline training by an external training institution and launched an online training platform.
- We paid a total of annual fees of RMB5.9 million for the year 2018.

4 SAFEGUARDING EMPLOYEES' RIGHTS AND INTERESTS AND FACILITATING EMPLOYEES' PERSONAL DEVELOPMENT (Continued)



4.1 RECRUITMENT AND EMPLOYMENT

CDB LEASING implemented the strategy of “reviving the Company by talents”, upheld the talent concept of “platform for working and starting a business, a stage for self-realization”, and is committed to building a team of excellent talents. In 2018, the Group developed and improved the result-oriented remuneration incentive system for employees, established multi-channels to introduce talents, effectively replenishing strength to the capital of human resources.

The Group strictly complied with national laws and regulations, including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the Provisions on the Special Protection of Juvenile Workers of the People's Republic of China, and has always implemented fair, just and open recruitment and guaranteed compliance of labor employment with laws and regulations. Internally, we developed a set of standard and effective talents selection and entry management systems, including the Implementing Rules for Social Recruitment of China Development Bank Financial Leasing Co., Ltd. (Trial), the Implementing Rules for Campus Recruitment of China Development Bank Financial Leasing Co., Ltd. (Trial) and the Measures for the Administration of Labor Relations with Employees of China Development Bank Financial Leasing Co., Ltd. and other internal management rules. Pursuant to above rules, employees recruited must satisfy the ethics required by the building of talent team of the Company and the expertise, professional proficiency and operating skills required for specific post, so as to ensure that employees recruited will satisfy the qualification and competence required for specific post, and have good work ethic. We expressly set forth the details of employment and expressly defined both parties' rights and obligations in the contracts entered into with employees.

The Group equally treated workers of all races, ethnic groups, nationalities, skin colors, genders and religious beliefs, and fully safeguarded workers' rights to enjoy equal employment according to law. The Group strictly forbade the employment of child labor. Applicants' valid ID documents were reviewed in various phases, including employment recruitment, entry approval and report for duty. Upon identification and verification, related applicant will be refused.

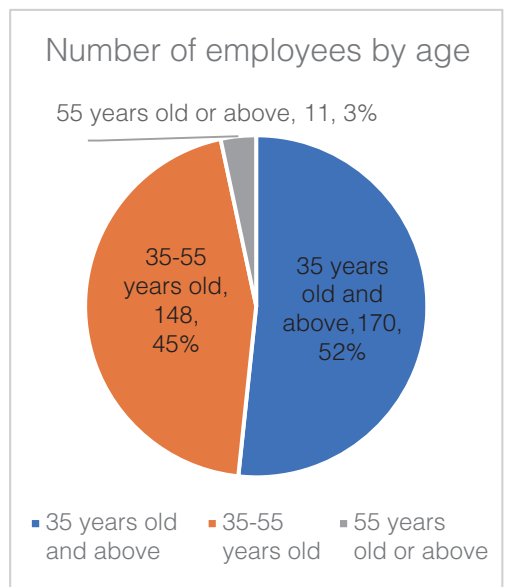
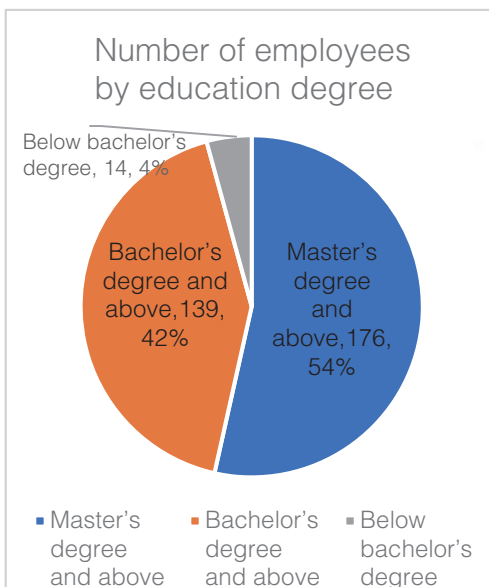
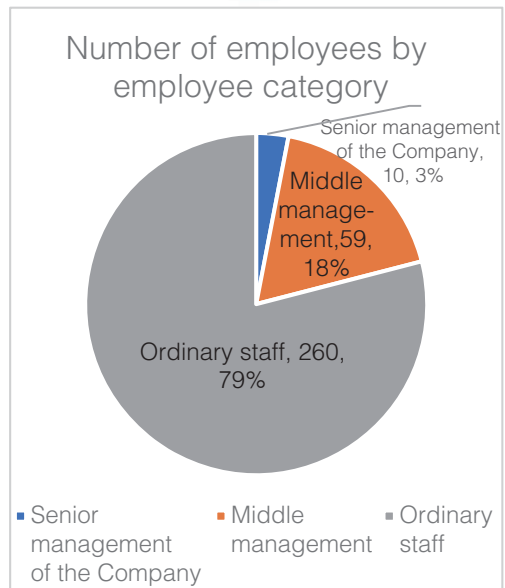
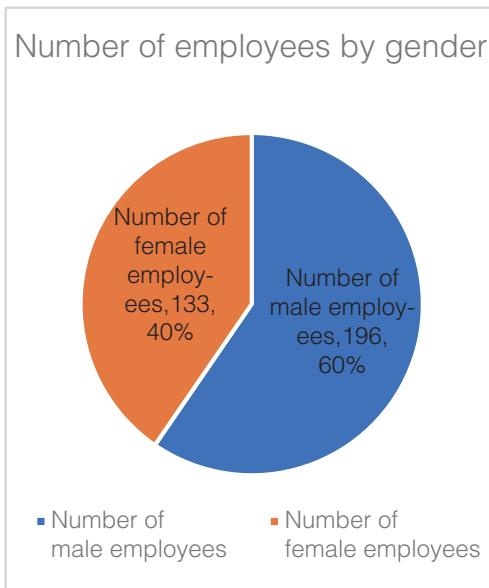
The Company has incorporated human resources management satisfaction indicators in performance appraisal plan. In 2018, the Group organized a questionnaire survey on management in respect of employee training, labor relations, change of registered permanent residence, going abroad/exit for private purpose, personnel records, etc. Results showed that employee satisfaction reached 89.94%.



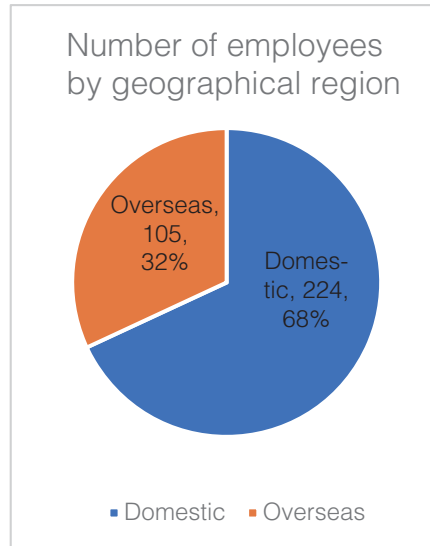
4 SAFEGUARDING EMPLOYEES' RIGHTS AND INTERESTS AND FACILITATING EMPLOYEES' PERSONAL DEVELOPMENT (Continued)

- Employment Overview**

As of December 31, 2018, the Group had a total of 329 employees. We continued to build a team of high-quality talents with good academic qualifications. As of December 31, 2018, approximately 96% of the Company's employees had bachelor's degrees or above, while approximately 53% of the Company's employees had master's degrees or above.



4 SAFEGUARDING EMPLOYEES' RIGHTS AND INTERESTS AND FACILITATING EMPLOYEES' PERSONAL DEVELOPMENT (Continued)



Case: “Identify Talents with Insight and Properly Control Quality of Recruitment” interviewer training

On November 23, 2018, the Human Resources Department of CDB LEASING organized the Pilot Program Phase II – “Identify Talents with Insight and Properly Control Quality of Recruitment” interviewer training, attended by the middle management, Human Resources Department and other personnel of the Company.

This training program, through theories and cases, introduced the trainees the overall ideas and process of recruitment interview in all aspects, including discussion on the Company's demand for talents from the development and implementation of assessment criteria, elaboration of practical application of leaderless group from test design and strategy, and introduced how to apply STAR rules and understand the driving factors to candidates, etc.

4 SAFEGUARDING EMPLOYEES' RIGHTS AND INTERESTS AND FACILITATING EMPLOYEES' PERSONAL DEVELOPMENT (Continued)

As a result of this training program, trainees gained a better understanding of recruitment work and process, and also further improved their interviewer skills, which would play a positive role in subsequent broad implementation of campus recruitment interview and future social recruitment interview.



4.2 TRAINING AND DEVELOPMENT

Better employee development strengthens competitiveness of the Company and promotes sustainable development of the Company. CDB LEASING attached great importance to the continuous improvement of the level of expertise of talent team by constantly improving training system, optimising various business and management training programs and developing a multi-level training system with an effective coverage of employees along all lines and at all levels. In 2018, based on the Measures for the Administration of Employee Training of China Development Bank Financial Leasing Co., Ltd. (Trial), the Group developed the Implementing Rules for Employee Training of China Development Bank Financial Leasing Co., Ltd. (Trial), to strengthen and regulate work on employee education and training.

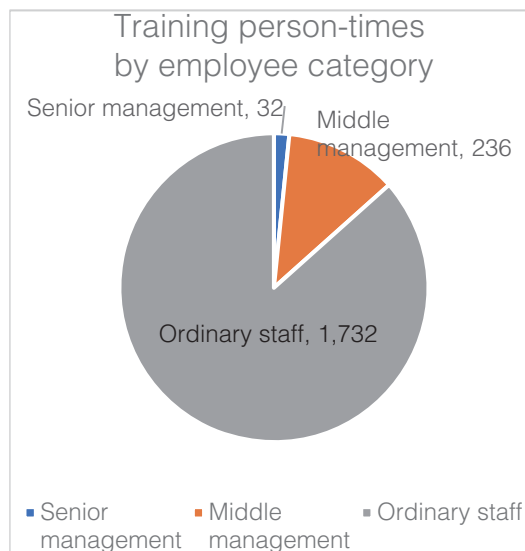
In 2018, the Human Resources Department of the Company optimised and improved training system, which brought human resources training into an institutional and systematic development period. Continuous improvements have been made in training organization and management capability, completeness of topics and specialty of contents.

4 SAFEGUARDING EMPLOYEES' RIGHTS AND INTERESTS AND FACILITATING EMPLOYEES' PERSONAL DEVELOPMENT (Continued)

In respect of training planning, the Company is committed to the building of four major capabilities, namely, work ability of new employees, comprehensive quality of all employees, post business skills and leadership of middle management and above. We developed four major training modules, namely Sailing Program, Voyage Program, Cruising Program and Pilot Program, according to the requirements for building different capabilities, and practically implemented such training programs throughout the year. The Company also introduced the annual card for offline training by an external training institution, which provided an important replenishment to alleviate employee' strong demand for specialized courses. In addition, the Company launched an online training platform in the year, which effectively enhanced training management work and replenished online training resources.

In order to bring the senior and middle management internationally advanced management concepts, and expand their international visions, improve their management ability and their anticipation on the overall industry, the Company introduced China Europe International Business School (CEIBS) in the second half of 2018, and brought 10 modules and one-year management ability training to all members of the senior and middle management since December 2018.

As of December 31, 2018, the Company organized a total of 105 sessions of training in the year with 2,000 attendees in total.



4 SAFEGUARDING EMPLOYEES' RIGHTS AND INTERESTS AND FACILITATING EMPLOYEES' PERSONAL DEVELOPMENT (Continued)

Case: We introduced CEIBS, to carry out leadership training

During December 8 to 9, 2018, Pilot Program – CEIBS leadership training program Improving Strategic Management and Thinking Model was held on the Shenzhen campus of CEIBS and attended by the senior management, and 23 members of middle management in front, middle and back offices of the Company.

During the two-day training courses, professors introduced theories and application for developing and implementing strategies including VRIN, STEP, Michael Porter's "Five Forces" and "Diamond" through five case studies. During case studies, each group made judgement on the opportunities and threats faced by the enterprise in cases by putting themselves in the scenarios of cases.

The Pilot Program held jointly with CEIBS will last for around one year. Top professors from all over the world will offer customized courses themed economy, strategy, risk control, marketing, organizational excellence, cross-culture, etc. to the senior and middle management of the Company.



4 SAFEGUARDING EMPLOYEES' RIGHTS AND INTERESTS AND FACILITATING EMPLOYEES' PERSONAL DEVELOPMENT (Continued)



4.3 SAFETY AND HEALTH

Our group strives to provide a safe and healthy working environment for our employees through methods such as regular checks and maintenance of office facilities, regular cleaning of carpets and air-conditioning systems. Through which, the working environment is kept comfortable and healthy at all times. Besides, we also organize a series of health-related activities for our employees such as regular medical check-ups and insurance, fire protection knowledge training and fire drills, safety reminders during holidays and festivals, and so on.

In order to keep the physical and mental health of our employees, the Group conducts exclusive and thorough inspection and prevention work for common diseases and frequently occurring diseases as well as organizing annual health check for employees of the Company. The employee health checks are conducted on a voluntary basis, and the employees may, depending on their own condition and personal preferences, choose to have their health check at a public hospital or a professional medical examination institute. Employee health checks are branched into 5 packages according to age and marital status, which primarily include basic examination, electrocardiogram, cancer screening, diabetes screening, liver function, renal function, abdominal color ultrasound, brain lesion screening and cardiovascular and cerebral thrombosis, and so on.

By the end of 2018, we had not received any report of severe occupational injury or death case.

4.4 WELL-BEING AND CARE

It is not only the responsibility of CDB Leasing as an employer to establish a worry-free environment and stand behind our employees to make sure they focus on their works, but also an important part of the Group's talent management. The Group has provided adequate protection and proper benefits to our employees.

- **Working hours and Holidays**

In accordance with the relevant laws and regulations of the PRC and relevant systems of the Group, all employees of the Groups in service practice the working system of 5 days a week and 8 hours a day, and are entitled to annual leave, home leave, marital leave, maternity leave, breastfeeding leave, compassionate leave, casual leave, sick leave, and so on, in addition to such statutory holidays set by the government.



4 SAFEGUARDING EMPLOYEES' RIGHTS AND INTERESTS AND FACILITATING EMPLOYEES' PERSONAL DEVELOPMENT (Continued)

- **Remuneration and benefits**

Pursuant to the relevant laws and regulations of the PRC and relevant systems of the Group, the Group has set up a comprehensive remuneration and benefits system, the specific scope of which includes, but not limited to, salary, five categories of social insurance and one housing fund, summer cooling subsidy, enterprise annuity, and comprehensive medical insurance plan.

Our group also offers special condolences regularly to employees who have financial difficulties and veterans on their birthdays, traditional festivals and holidays, and often pays special visits to employees who just gave birth or are ill.

CDB Leasing has procured supplemental commercial insurance coverage for our employees and their family members in case of emergency, hospitalization, accidents and acute illnesses. Currently, Taikang Pension & Insurance Co., Ltd., Shenzhen Branch (泰康養老保險股份有限公司深圳分公司) provides supplemental commercial insurance services to our employees.

As considered and approved at the employees' meeting of the Company, and reported to the Human Resources & Social Security Administration of Shenzhen for filing purpose, the Company has established its corporate annuity scheme since January 1, 2014. The Company has formulated the Implementation Rules for the Corporate Annuity Scheme of China Development Bank Financial Leasing Co., Ltd. to regulate the implementation process of the annuity scheme. Any employee who has entered into a labor contract with the Company, completed the probation period, participated in the basic pension insurance for corporate employees in accordance with the law and fulfilled the payment obligation may voluntarily participate in the corporate annuity plan. In 2018, the aggregate amount of annuity contributed by the Group was RMB5.9 million.

4 SAFEGUARDING EMPLOYEES' RIGHTS AND INTERESTS AND FACILITATING EMPLOYEES' PERSONAL DEVELOPMENT (Continued)

- **Cultural and sports activities**

In order to enrich the corporate cultural life of our employees and enhance team cohesion and vitality of our employees, we have established 10 cultural and sports clubs for basketball, soccer, badminton, tennis, table tennis, swimming, fitness, outdoor sports, chess and cards, calligraphy and painting, and so on. Daily staff activities are organized by these clubs.



On April 23, 2018, the soccer players of CDB Leasing and Donghai Airlines gathered at the pitch to present a fierce and spectacular friendly soccer match.



From November 29, 2018 to December 2, 2018, the CDB Leasing soccer team travelled to Guangzhou to participate in a soccer tournament hosted by the Guangdong branch of CDB and secured first runner-up of the event.



On December 23, 2018, CDB Leasing and its Shenzhen branch jointly held the "Happy Family Run" campaign, where employees and their families strived and thrived.



On December 23, 2018, CDB Leasing held a Dragon Boat Competition jointly with the Shenzhen branch of CDB. Leaders of both companies and more than 200 of their employees and their families participated in the event.

4 SAFEGUARDING EMPLOYEES' RIGHTS AND INTERESTS AND FACILITATING EMPLOYEES' PERSONAL DEVELOPMENT (Continued)

- **Caring for female employees**

The Company continues to care about female employees, persistently enriching the cultural life of female employees in their spare time. The Company regularly organizes fitness classes for female employees such as aerobics and yoga to help our female employees maintain physical and mental health, visits and gives timely condolences to female employees giving birth or fallen ill, and regularly reports to the Group about employees with difficulties.

Case: Your smile, the most blooming flower in spring

In 2018, the labor union of the Company continued to carry out the caring work for female employees, bringing them warmth and care. In the morning of March 3, the labor union of CDB Leasing organized a visit to Fenghuangshan (Phoenix Mountain) to pray for fortune and celebrate the International Women's Day. The female employees of CDB Leasing brought along the elderly and the young on their way to the peak, swift of foot, fully professing an image of heroines as excellent as their male peers in the new era.

After the hiking activities on the International Women's Day, there follows Mother's Day in May. With the teaching and guidance of professional teachers on site, our female employees expressed their love for their mothers by making them natural plant-extracted lipsticks.



5. PARTICIPATION IN COMMUNITY CHARITY EVENTS AND PROMOTION OF REGIONAL DEVELOPMENT

We believe that no enterprise can survive or develop solely on their own. Instead, all enterprises need to connect their development to the growth of the industry, the area, the community, and the society to achieve continuous vitality. CDB Leasing always strives to support the industry and the area's growth. Also, by taking part in the public charities, we strongly support the growth of the community.

Sustainable Development Goals set by the United Nations

Our Actions



- Organizing and developing “Colorful Class”, a volunteer activity for children of migrant workers, for years
- As one of the initial members of “the Alliance of Financial Leasing Companies Serving the Yangtze River Economic Belt”, to continue to support the business development of the Yangtze River Economic Belt

5.1 SUPPORT FOR COMMUNITY PUBLIC WELFARE

As a socially responsible company, CDB Leasing is actively involved in community development and charity activities, and encourages and leads employees to participate in volunteer services, with real love to help people in need.

According to the requirements under the “Proposal on the Authorization to the Board of Directors at the General Meeting of China Development Bank Financial Leasing Co., Ltd.”, and the “Proposal on the Authorization to the Chairman by the Board of Directors of China Development Bank Financial Leasing Co., Ltd.”, the Company’s external public welfare donations shall be reviewed and approved by the shareholders’ general meeting, the board of directors or the chairman of the Company based on the donation amount, and the chairman shall report the same to the board of directors at the end of each year.



5. PARTICIPATION IN COMMUNITY CHARITY EVENTS AND PROMOTION OF REGIONAL DEVELOPMENT (Continued)

Case: Young volunteer service activities

On November 17, 2018, CDB Leasing launched charity activities on environmental protection for young volunteers with the theme “Work passionately, live happily” and young volunteers actively participated in the activity to show their support to the charity events on environmental protection in Shenzhen. Our employees, dressed in clothing with the logo “CDB Leasing Volunteers”, cleared every piece of rubbish on the mountain path along their way to the peak. Eventually, our employees persevered and reached the peak with dozens bags of “results”, without doubts they helped protected and preserved the lucid waters and lush mountains.



5. PARTICIPATION IN COMMUNITY CHARITY EVENTS AND PROMOTION OF REGIONAL DEVELOPMENT (Continued)

Case: “Colorful Class” volunteered to offer care and love to the children of rural migrant workers

We have been organizing “Colorful Class” volunteer service activity to offer care and love to the children of rural migrant workers for several consecutive years, and built bridges of compassion in the actions of which our employees participated in the offering of care and love to the children of rural migrant workers. We have already established a long-term poverty alleviation mechanism with Shenzhen City Longgang District Hui Wen School (深圳市龍崗區匯文學校). On March 22, 2018, 8 employees visited Longgang District Hui Wen School and commenced volunteer service activities. The “Colorful Class” brought by the volunteers made the children of rural migrant workers feel the wonderful pleasures of knowledge and the love from the society.



5.2 PROMOTION OF REGIONAL DEVELOPMENT

On China's economic map, there are many major economic zones like Yangtze River Economic Belt. The development of economic zones requires substantial capital investment, long investment cycle and broad investment scope, while CDB Leasing possesses advantages in the financial leasing field to complement with other multi-layer financing products and services. Hence, we can initiate talks between leasing companies and local governments and support the development of major areas so that the economy of the area can be developed in innovative ways, transformed and upgraded.

5. PARTICIPATION IN COMMUNITY CHARITY EVENTS AND PROMOTION OF REGIONAL DEVELOPMENT (Continued)



In 2016, to implement the “Yangtze River Economic Belt Development Plan”, improve exchanges and resources sharing between the governments along the Yangtze River Economic Belt and financial leasing companies, and include these companies in the development construction projects of the Yangtze River Economic Belt, CDB Leasing became an initial member of “the Alliance of Financial Leasing Companies Serving the Yangtze River Economic Belt”. Under the guidance of the National Development and Reform Commission, members of the alliance negotiated cooperation on key projects of transportation hub, new urbanization in 11 provinces along the Yangtze River Economic Belt.

In 2017, CDB Leasing participated and completed the set-up of the regulations for the “Financial Leasing Strategic Alliance Supporting Yangtze River Economic Belt” (hereinafter referred as the alliance), the rules of its secretariat, the rules on the alliance cooperation, and so on, as well as attended the alliance’s Set up and Cooperation Agreement Contract Signing Ceremony in July 2017. The alliance has signed cooperation agreements worth RMB300 billion with 11 provincial or municipal NDRCs within the Yangtze River Economic Belt.



In May 2019, to support the business development of the Yangtze River Economic Belt, the Company formulated and issued the Guidelines for the Assessment of Leasing Businesses Supporting Development of the Yangtze River Economic Belt, clarified the scope of the key business supported by the Company, manner of support and preferential policies, giving the advantages of leasing businesses full play in promoting development in the parent-zone of Yangtze River.

Meanwhile, in respect of the local communities, CDB Leasing has been proactively involved in the construction and development of the region, and has continued to leverage on its strengths to closely integrate our business development with the development of the region to achieve a win-win situation.



5. PARTICIPATION IN COMMUNITY CHARITY EVENTS AND PROMOTION OF REGIONAL DEVELOPMENT (Continued)

Case: Promoting Economic development in Shenzhen City Baoan District

On June 9, 2018, In the 2018 (20th) China Venture Capital & Private Equity Forum, a strategic cooperation agreement has been entered into between the CDB Leasing and the People's Government of Shenzhen Baoan District. As the only representative of the financial leasing industry, CDB Leasing attended the signing ceremony between the district government and the financial institutions. Henceforward, CDB Leasing will, with the help of favorable market environment and industrial policies of Baoan District, proactively exert its own advantages and increase support on areas such as construction of infrastructure, pillar industries, strategic emerging industries, and so on in Baoan District. And in turn promote economic development in Baoan District and contribute to the development of the region.



5. PARTICIPATION IN COMMUNITY CHARITY EVENTS AND PROMOTION OF REGIONAL DEVELOPMENT (Continued)



5.3 JOINT EFFORTS FOR INDUSTRY PROGRESS

Throughout our growing progress during all the years, CDB Leasing has taken the initiative to be part of the development of China's leasing industry and has constantly been pushing and leading the industry to transform and upgrade. On the one hand, we have been exploring new leasing areas in aerospace, infrastructure, shipping, cars, engineering machinery, devices and facilities, and so on, amassing a great amount of industry experience.

On the other hand, we have established business relationships with different types of leasing companies to bring capital liquidity to the industry and import professionals and talents to help with the growth of the industry. Additionally, we try our best to facilitate communications in the industry, within the industry committee, with the regulators, and by submitting proposals during NPCs to proactively contribute to the development of the industry.

Case: Organized industry development summit

On July 11, 2018, an industry development summit with the theme “New Era, New Situation, New Journey” has been held at the auditorium in CDB Centre (國銀金融中心報告廳). The summit focused on exploring the development of financial industry in the new era, the guests engaged in in-depth exchanges and discussions on topics such as the impact of Sino-US trade friction on China's economy, the relationship between big-data-based financial technology and financial inclusion system, and the development prospects of China's financial industry and financial leasing industry, apprehended the situation, explored different paths, promote cooperation, and advised on enhancing the economic capability of financial services entities.



FUTURE PROSPECTS

In 2019, recovery of global real economy will reach a turning point, the downward pressure will become increasingly apparent. In the wake of changes in what were generally stable internal and external situations and the concern caused by these very changes, we will take advantage of the window of opportunity as fiscal policies focus on tax cuts and fee reductions while monetary policy is appropriately contractionary. Seizing the infrastructure upgrade opportunities brought by the renewal of fleets in the international aviation market, the slow recovery of vessels and the “remedy for weaknesses” policy, we will indurate our fortitude and gradually promote our businesses.

Looking forward, we will continue to enhance professional capabilities in aircraft, ship, vehicle and construction machinery business, probe the policies, deepen the cooperation with key customers in the infrastructure sector, strengthen the business development in new energy and equipment manufacturing sector, collaboratively facilitate the development of the infrastructure businesses including water treatment, rail transit, port and port affairs and other key sectors and put green finance and service entity economy into practice. Taking the “13th Five-Year” plan as the guideline, and focusing on Guangdong-Hong Kong-Macao Greater Bay Area, Beijing-Tianjin-Hebei Region, Yangtze River Economic Belt and other key areas, we will seize opportunities in the second half of the urbanization process in China, place the emphasis on major fields, strengthen the existing advantageous business, and enhance business model and business variety innovation to create new business and profit growth driver. We will attach great importance and attention to the growth of our employees, give priority to investing in the training of talents on the basis of a sound welfare and protection system, motivate our employees to innovate with market-oriented mechanisms, and create broader expanse for personal development of our employees. We will always maintain a high degree of resonance between our resources, business operation methods and the rhythm of the PRC economy, proactively tend to and participate in the basic industries which are closely tied to people’s livelihood and urbanization, and persistently satisfy the people’s urge for a better life.

The times cruise formidably, only those who set sail with it prevails, only those who reform and innovate triumph. In the great march of a new era, we will absolutely gain a foothold for our long stride, seize the present, unswervingly become a contributor to the national rejuvenation and a promoter of social progress, take up new approaches and carry through reforms to the very end!



APPENDIX 1 ESG INDICATOR INDEX

Indicator	Description	Disclosure paragraphs	Note
Level A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Appendix 2 List of ESG Policies	
Key Performance Indicator A1.1	The types of emissions and respective emissions data.	A1.1 is not applicable as has emission is not significant to the operation of the Company.	
Key Performance Indicator A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	Appendix 3 List of ESG Data	
Key Performance Indicator A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Hazardous wastes generated from the operation of the Company mainly are waste tubes and toner cartridges, which are delivered to qualified third-party institutes for proper treatment. The Company plans to improve the statistics on hazardous wastes next year.	
Key Performance Indicator A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Appendix 3 List of ESG Data	
Key Performance Indicator A1.5	Description of measures to mitigate emissions and results achieved.	3.4 Strengthen Management of Green Office	
Key Performance Indicator A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3.4 Strengthen Management of Green Office	

APPENDIX 1 ESG INDICATOR INDEX (Continued)

Indicator	Description	Disclosure paragraphs	Note
Level A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	3.4 Strengthen Management of Green Office	
Key Performance Indicator A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Appendix 3 List of ESG Data	
Key Performance Indicator A2.2	Water consumption in total and intensity.	Appendix 3 List of ESG Data	
Key Performance Indicator A2.3	Description of energy use efficiency initiatives and results achieved.	3.4 Strengthen Management of Green Office	
Key Performance Indicator A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	3.4 Strengthen Management of Green Office; The Company uses water from municipal supply and has no problems in obtaining water.	
Key Performance Indicator A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	A2.5 is not applicable as the products from the principal business of the Company require no packaging materials	

APPENDIX 1 ESG INDICATOR INDEX (Continued)

Indicator	Description	Disclosure paragraphs	Note
Level A3: Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	3.4 Strengthen Management of Green Office	
Key Performance Indicator A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.4 Strengthen Management of Green Office	
Level B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4 Protect Employees' Interests and Facilitate their Growth	
Key Performance Indicator B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix 3 List of ESG Data	
Key Performance Indicator B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix 3 List of ESG Data	

APPENDIX 1 ESG INDICATOR INDEX (Continued)

Indicator	Description	Disclosure paragraphs	Note
Level B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.3 Safety and Health	
Key Performance Indicator B2.1	Number and rate of work-related fatalities.	4.3 Safety and Health	
Key Performance Indicator B2.2	Lost days due to work injury.	4.3 Safety and Health	
Key Performance Indicator B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.3 Safety and Health	
Level B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.2 Training and Development	
Key Performance Indicator B3.1	The percentage of employees trained by gender and employee category.	Appendix 3 List of ESG Data	
Key Performance Indicator B3.2	The average training hours completed per employee by gender and employee category.	Appendix 3 List of ESG Data	

APPENDIX 1 ESG INDICATOR INDEX (Continued)

Indicator	Description	Disclosure paragraphs	Note
Level B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4.1 Recruitment and Employment	
Key Performance Indicator B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1 Recruitment and Employment	
Key Performance Indicator B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Recruitment and Employment	
Level B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	1.6 Responsible Supply Chain Management	
Key Performance Indicator B5.1	Number of suppliers by geographical region.	Not disclosed	
Key Performance Indicator B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	1.6 Responsible Supply Chain Management	

APPENDIX 1 ESG INDICATOR INDEX (Continued)

Indicator	Description	Disclosure paragraphs	Note
Level B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	1.5 Customer and Services Quality Management	
Key Performance Indicator B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Company had no products called back due to safety and health reasons during the year	
Key Performance Indicator B6.2	Number of products and service related complaints received and how they are dealt with.	1.5 Customer and Services Quality Management	
Key Performance Indicator B6.3	Description of practices relating to observing and protecting intellectual property rights.	1.4 Integrity and Intellectual Property Rights Management	
Key Performance Indicator B6.4	Description of quality assurance process and recall procedures.	1.5 Customer and Services Quality Management	
Key Performance Indicator B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	1.5 Customer and Services Quality Management	

APPENDIX 1 ESG INDICATOR INDEX (Continued)

Indicator	Description	Disclosure paragraphs	Note
Level B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.4 Integrity and Intellectual Property Rights Management	
Key Performance Indicator B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer and its employees during the reporting period and the outcomes of the cases.	Appendix 3 List of ESG Data	
Key Performance Indicator B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	1.4 Integrity and Intellectual Property Rights Management	
Level 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.	5.1 Support for Community Welfare	
Key Performance Indicator B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	5.1 Support for Community Welfare	
Key Performance Indicator B8.2	Resources contributed (e.g. money or time) to the focus area.	Not disclosed	

APPENDIX 2 ESG POLICY LIST

Indicator	Laws and regulations abided by	Internal systems of the Company
A1. Emissions	<p>Environmental Protection Law of People's Republic of China</p> <p>Law of People's Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes</p> <p>Law of People's Republic of China on Prevention and Control of Water Pollution</p> <p>Law of People's Republic of China on Prevention and Control of Air Pollution</p> <p>Regulation on Urban Construction Waste Management</p> <p>Directory of National Hazardous Wastes</p>	<p>Quality, Hazardous Substance, Environmental and Occupational Health and Safety Management Manual</p> <p>The Process for Identifying and Evaluating the Environmental Factors</p> <p>The Process for Waste Water Discharge, Waste Gas Emission, and Noise Control</p> <p>The Process for Environmental Monitoring and Measurement Control</p>
A2. Use of resources	<p>Energy Saving Law of People's Republic of China</p>	<p>CDB Financial Leasing Co. Ltd.'s Management Rules on Company Items Warehousing (Trial)</p> <p>CDB Financial Leasing Co. Ltd.'s Management Rules on Printing & Copying</p> <p>CDB Financial Leasing Co. Ltd.'s Rules on Drivers Management</p>
A3. Environment and Natural Resources	<p>Environmental Protection Law of People's Republic of China</p> <p>Energy Saving Law of People's Republic of China</p>	<p>The Process for Identifying and Evaluating the Environmental Factors</p>

APPENDIX 2 ESG POLICY LIST (Continued)

Indicator	Laws and regulations abided by	Internal systems of the Company
B1. Employment	Labor Law of People's Republic of China	CDB Financial Leasing Co. Ltd.'s Management Rules on Staff and Labor Relations
	Labor Contract Law of People's Republic of China	CDB Financial Leasing Co. Ltd.'s Management Rules on Positions and Levels (Trial)
	Interim Provisions on Labor Dispatch	CDB Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Campus Recruitment (Trial)
	Employment Promotion Law of People's Republic of China	CDB Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Social Recruitment (Trial)
	Social Insurance Law of People's Republic of China	CDB Financial Leasing Co. Ltd.'s Management Rules on Employee Vacation
	Regulation of People's Republic of China on Prohibition of Child Labors	CDB Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Enterprise Annuity Plan
	Minors Protection Law of People's Republic of China	CDB Financial Leasing Co. Ltd.'s Rules on Performance Management
	Labor Contract Law of People's Republic of China	CDB Financial Leasing Co. Ltd.'s Rules on Salary Management (Trail)
	Ordinance on Paid Leaves of Staff	CDB Financial Leasing Co. Ltd.'s Management Rules on Deferred Payment of Salary (Trial)
	Ordinance on Salary Payment of Guangdong Province	CDB Financial Leasing Co. Ltd.'s Management Rules on Use of Retained Bonus Pool (Trial)
	Ordinance on Staff Salary Payment of Shenzhen City	CDB Financial Leasing Co. Ltd.'s Management Rules on Staff Recruitment and Employment
		CDB Financial Leasing Co. Ltd.'s Management Rules on Leaders Supervision (Trial)
		CDB Financial Leasing Co. Ltd.'s Management Rules on Staff Dimission (Trial)
		CDB Financial Leasing Co. Ltd.'s Management Rules on Leaders Communications (Trial)
		CDB Financial Leasing Co. Ltd.'s Management Rules on Turning Staff under Probation to Permanent Staff (Trial)
		CDB Financial Leasing Co. Ltd.'s Code of Conduct of Staff
		CDB Aviation Lease Finance DAC's Hong Kong Employee Manual
	CDB Aviation Lease Finance DAC's Systems on Performance Appraisal of Employees	
	CDB Aviation Lease Finance DAC's Systems on Travelling Reimbursement	

APPENDIX 2 ESG POLICY LIST (Continued)

Indicator	Laws and regulations abided by	Internal systems of the Company
B2. Health and Safety	<p>Labor Law of People's Republic of China</p> <p>Fire Prevention Law of People's Republic of China</p> <p>Production Safety Law of People's Republic of China</p> <p>Law of People's Republic of China on Prevention of Occupational Diseases</p> <p>Social Security Law of People's Republic of China</p> <p>Ordinance on Insurance for Work-related Injuries</p> <p>Regulation on Supervision and Administration of Occupational Health in Working Places</p> <p>Ordinance on Reporting, Investigation and Handling of Production Safety Accidents</p>	<p>CDB Financial Leasing Co. Ltd.'s Management Rules on Employee Vacation</p> <p>CDB Aviation Lease Finance DAC's Hong Kong Employee Manual</p>
B3. Development and Training	<p>Labor Law of People's Republic of China</p> <p>Labor Contract Law of People's Republic of China</p> <p>Social Security Law of People's Republic of China</p>	<p>CDB Financial Leasing Co. Ltd.'s Rules on Employee Training Management</p> <p>CDB Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Management of Internal Lecturers and New Employees' Tutors (Trial)</p>
B4. Labour Standards	<p>Provisions on Prohibition of Child Labor</p>	<p>CDB Financial Leasing Co. Ltd.'s Management Rules on Staff and Labor Relations</p> <p>CDB Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Campus Recruitment (Trial)</p> <p>CDB Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Social Recruitment (Trial)</p> <p>CDB Aviation Lease Finance DAC's Hong Kong Employee Manual</p>
B5. Supply Chain Management	<p>Law of People's Republic of China on Tenders and Bids</p> <p>Regulation on the Implementation of the Bidding Law of the People's Republic of China</p>	<p>Provisions on Reinforcing the Management of the Centralized Purchasing of State-owned Financial Enterprises</p> <p>CDB Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Centralized Purchasing</p> <p>CDB Aviation Lease Finance DAC's Procurement System</p>

APPENDIX 2 ESG POLICY LIST (Continued)

Indicator	Laws and regulations abided by	Internal systems of the Company
B6. Product Responsibility	Constitution of People's Republic of China General Provisions of Civil Law of People's Republic of China Tort Law of People's Republic of China Trademark Law of People's Republic of China Advertising Law of People's Republic of China Patent Law of People's Republic of China Anti-unfair Competition Law of People's Republic of China Law of People's Republic of China on Protection of Consumer Rights and Interests Cybersecurity Law People's Republic of China Law of People's Republic of China on Intellectual Property Rights	CDB Financial Leasing Co. Ltd.'s Leasing Business Guide CDB Financial Leasing Co. Ltd.'s Instruction on the Evaluation of the Launch of Urban Public Transport Leasing Business (Trail) CDB Financial Leasing Co. Ltd.'s Management Rules on the Work of Intellectual Property Protection CDB Financial Leasing Co. Ltd.'s Rules on Business Secret Management CDB Financial Leasing Co. Ltd.'s Management Rules on After-lease Check CDB Financial Leasing Co. Ltd.'s Management Rules on Information Security CDB Financial Leasing Co. Ltd.'s Management Rules on Data and Standards CDB Financial Leasing Co. Ltd.'s Management Rules on Establishment of Information Systems
B7. Anti-corruption	Criminal Law of People's Republic of China Company Law of People's Republic of China Anti-money Laundering Law of People's Republic of China Anti-monopoly Law of People's Republic of China Anti-unfair Competition Law of People's Republic of China Interim Provisions on Prohibiting Commercial Bribery Regulation on Administration of Capitals in Key Research & Development Schemes of the State	CDB Financial Leasing Co. Ltd.'s Management Rules on the Reporting of Major Risks and Issues (Trail) CDB Financial Leasing Co. Ltd.'s Management Rules on Anti-Fraud (Trail) CDB Financial Leasing Co. Ltd.'s Management Rules on Anti-money Laundering CDB Financial Leasing Co. Ltd.'s Management Rules on Case-preventing Work (Trail) CDB Aviation Lease Finance DAC's Guidance on Anti-bribery and Anti-corruption Policies CDB Aviation Lease Finance DAC's Systems on Gifts and Entertainment CDB Aviation Lease Finance DAC's Systems on Anti-money Laundering and Due Diligence CDB Aviation Lease Finance DAC's Internal Control and Compliance Policies
B8. Community Investment	Charity Law of People's Republic of China	CDB Financial Leasing Co. Ltd.'s Authorization Scheme of Board of Directors through the Meeting of Shareholders CDB Financial Leasing Co. Ltd.'s Authorization Scheme of Chairman of the Board by the Board of Directors

APPENDIX 3 ESG DATA LIST

In 2018, the Group collected and disclosed the ESG data from its headquarter, Beijing and Shanghai Office and the subsidiaries of CDB Aviation. We will further consummate the mechanism for maintenance and collection of relevant index and figures and expand the scope of data statistics in the future.

This year, there is a significant increase in the office area over that of the previous years due to relocation into the new office building (i.e. CDB Financial Center Tower¹). In addition, as the owner of use rights of the office building, CDB LEASING shall be responsible for consumption of energy and water resources for operation of central air conditioning system, canteen, parking lot and other public areas, resulting in a higher level of environment-related figures. Going forward, we will keep emphasizing green office management and make positive contribution to the environmental protection.

List of Environmental Data				
ESG Indicator	Unit	Data for 2018	Data for 2017	Data for 2016
A1. Emissions				
A1.2 Greenhouse gas emissions and intensity²				
Scope I ³ : Emission of CO ₂	Ton	73.85	–	–
Scope II ⁴ : Emission of CO ₂	Ton	13,122.89	–	–
Total emission of CO ₂	Ton	13,196.74	337.45	397.47
Intensity of emission	Ton/RMB100 million of revenue	96.88	2.86	3.67
A1.4 Non-hazardous waste produced⁵				
Wastepaper	Kilogram	7,825		
Kitchen waste	Kilogram	114,730	15,562	18,750
Total amount of non-hazardous waste	Ton	122,555	15,562	18,750
Intensity of non-hazardous waste	Ton/RMB100 millions of revenue	899.74	131.86	173.34

APPENDIX 3 ESG DATA LIST (Continued)

List of Environmental Data				
ESG Indicator	Unit	Data for 2018	Data for 2017	Data for 2016
A2. Use of resources				
A2.1 Total energy consumption and intensity				
Gasoline ⁶	Liter	32,494	15,181	45,714
Electricity consumption ⁷	kWh	6,587,160	425,623	454,000
Total energy consumption	MWh	6,877.76	561.39	862.84
Energy intensity	MWh/RMB100 millions of revenue	50.49	4.76	7.98
A2.2 Water resources consumption and intensity⁸				
Water consumption	Cubic meter	33,610	3,081	3,400
Water consumption intensity	Cubic meter/RMB100 millions of revenue	246.75	26.11	31.43

1. CDB Financial Center Tower is recognized as a Green Building in Shenzhen (Level-Silver), for details, please refer to the 2017 environmental, social and governance report of China Development Bank Financial Leasing Co., Ltd.;
2. The data relating to greenhouse gas emission is calculated based on the energy consumed by CDB LEASING, and the carbon emission factors of all power grids in the PRC are based on the 2012 Baseline Emission Factors for Regional Power Grid in the PRC released by the National Development and Reform Committee in 2012;
3. Emission of CO₂ represents the direct emission of CO₂ from consumption of gasoline;
4. Emission of CO₂ represents the indirect emission of CO₂ from consumption of external purchase electricity;
5. The scope of disclosure of non-hazardous waste represents the figures of the headquarter of CDB LEASING, Beijing and Shanghai Office;
6. The scope of disclosure of gasoline represents the figures of the headquarter of CDB LEASING, Beijing and Shanghai Office;
7. The scope of disclosure of electricity consumption represents the figures of the headquarter of CDB LEASING and Beijing Office;
8. The scope of disclosure of water resources consumption represents the figures of the headquarter of CDB LEASING.

APPENDIX 3 ESG DATA LIST (Continued)

LIST OF SOCIAL DATA					
ESG Indicator	Unit	Data for 2018	Data for 2017	Data for 2016	
B1. Employment					
B1.1	Total workforce: by gender, type, age group and geographical region				
	Total number of employees	Person	329	287	230
Gender	Male	Person	196	176	
	Female	Person	133	111	
Employee type	Senior management	Person	10	9	
	Intermediate management	Person	59	62	
	Grassroots	Person	260	216	
Academic qualification	Master or above	Person	176	159	113
	Bachelor or above	Person	139	123	223
	Junior college graduate or below	Person	14	5	9
Age	35 or under	Person	170	155	
	35-55	Person	148	122	
	55 or above	Person	11	10	
Geographical region	Domestic	Person	224	208	185
	Overseas	Person	105	79	45
B1.2	Employee turnover rate by gender, age group and geographical region				
	Overall turnover rate of employees	Percentage	9		
Gender	Male	Percentage	11		
	Female	Percentage	8		
Employee type	Senior management	Percentage	18		
	Intermediate management	Percentage	11		
	Grassroots	Percentage	9		
Academic qualification	Master or above	Percentage	9		
	Bachelor or above	Percentage	10		
	Junior college graduate or below	Percentage	13		
Age	35 or below	Percentage	7		
	35-55	Percentage	12		
	55 or above	Percentage	27		
Geographical region	Domestic	Percentage	9		
	Overseas	Percentage	9		

APPENDIX 3 ESG DATA LIST (Continued)



LIST OF SOCIAL DATA					
ESG Indicator	Unit	Data for 2018	Data for 2017	Data for 2016	
B2. Health and safety					
B2.1	Number of work-related fatalities				
	Number of work-related fatalities	Person	0	0	0
	Number of work injury	Incidence	0	0	0
B2.2	Lost days due to work injury				
	Lost days due to work injury	Day	0	0	0
B3. Development and Training					
B3.1	Number of trainees: employees receiving training by gender and employee type				
	Number of training activities	session	105	24	67
	Number of employees trained	Headcount	2,000	1,200	1,474
Employee type	Senior management (Receiving training)	Percentage	1.6%		
	Intermediate management (Receiving training)	Percentage	11.8%		
	Grassroots (Receiving training)	Percentage	86.6%		
B3.2	Training hours of employees: by gender and employee type				
	Average training hours of all employees	Hour	760		
B6. Product Responsibility					
B6.2	Number of products and service related complaints received				
	Number of complaints	Incidence	10	0	0
B7. Anti-corruption					
B7.1	Number of legal cases regarding corrupt practices				
	Number of initiated or concluded legal cases regarding corrupt practices	Case	0	0	0



APPENDIX 4 FEEDBACK

Distinguished readers:

Thank you for reading our 2018 environmental, social and governance report. We are looking forward to your comments and invaluable suggestions to the report, which will be of great benefit to us in continuous improvement of the report.

Comments and suggestions to the Company in respect of its sustainable development are welcome and can be addressed to ir@cdb-leasing.com

Feedback form for the 2018 Environmental, Social and Governance report of China Development Bank Financial Leasing Co., Ltd.

Name _____

Company _____

Title _____

Telephone number _____

E-mail _____

Your comments on the report: (Please tick ✓ as appropriate)

	Very good	Good	Acceptable	Bad	Very bad
Do you think this report highlights the important information of the Company in respect of the environment, society and governance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do you think the information and indicators disclosed in this report are clear, accurate and complete?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do you think the arrangement of content and style design of this report are reader-friendly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Which part are you most interested in?

What other information that you need to know about is not reflected in this report?

What advice do you have for our future release of environmental, social and governance reports?





国银租赁

CHINA DEVELOPMENT BANK LEASING

Zip code: 518000

Tel: 86-755-2398 0999

Fax: 86-755-2398 0900

Website: <http://www.cdb-leasing.com/>

Address: CDB Financial Center Building, No. 2003 FuZhong 3rd Road, Futian District, Shenzhen, PRC

