



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.

(於中華人民共和國註冊成立的股份有限公司)

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

股份代號 Stock Code: 1606

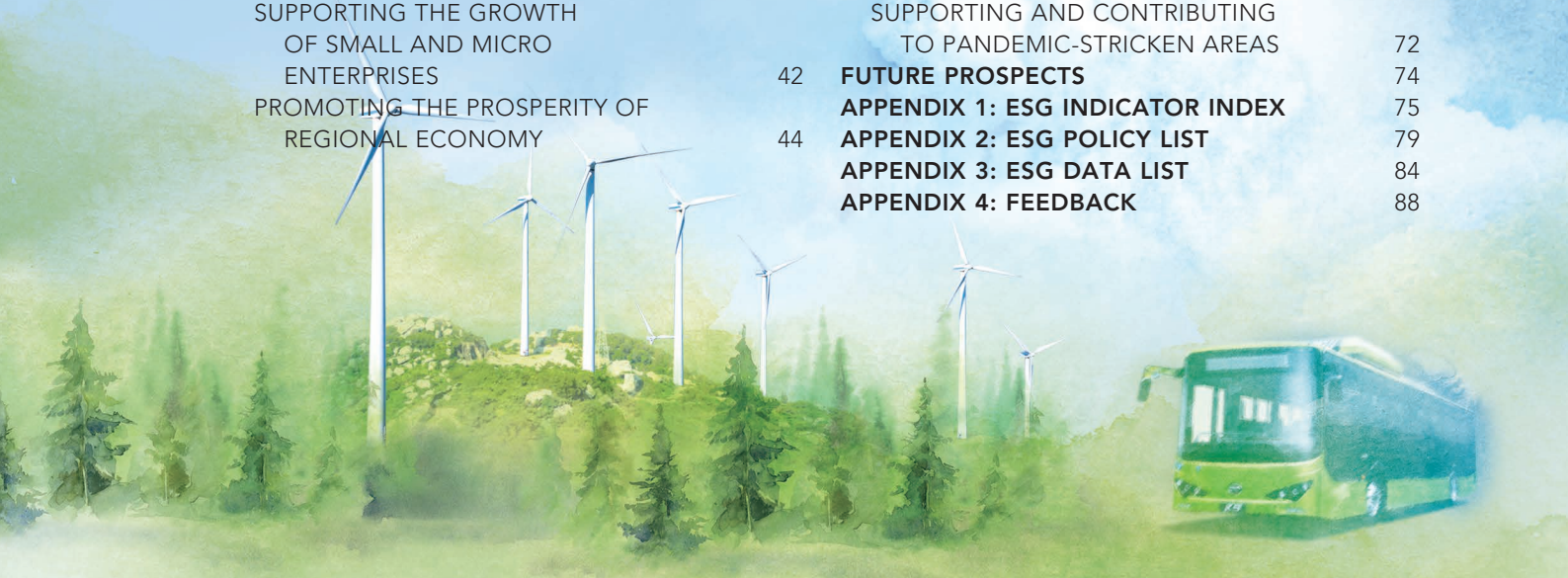
2019

環境、社會及管治報告 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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ABOUT THE REPORT

Overview:

The Report aims to systematically explain the performance of China Development Bank Financial Leasing Co., Ltd. (國銀金融租賃股份有限公司) in terms of environmental, social and governance ("ESG") issues in 2019 for readers. It is recommended to read the part on governance in conjunction with the Corporate Governance Report in the 2019 Annual Report of the Company.

Appellations:

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

Data Source and Reliability Assurance:

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

Confirmation and Approval:

The Report is confirmed by the management and approved by the Board of Directors on July 21, 2020.

Reporting Scope and Boundary:

The disclosure scope and boundary of the Report are consistent with those of the Annual Report of China Development Bank Financial Leasing Co., Ltd. in 2019.

Reporting Period:

From January 1, 2019 to December 31, 2019, with certain information covering the ESG issues in 2020.

Reporting Standards for Preparation:

The revised Environmental, Social and Governance Reporting Guide published by The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") in December 2015.



ABOUT THE REPORT

Access and Response to the Report:

The Report is prepared in both Chinese and English. Please have access to the E-version of the Report on the official website of the Company.

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

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CHAIRMAN'S STATEMENT



As the only leasing platform and listed company under China Development Bank, China Development Bank Financial Leasing Co., Ltd. is one of the most influential financial leasing companies with the longest history in the People's Republic of China ("PRC"), as well as the first financial leasing enterprise listed on the Main Board of the Hong Kong Stock Exchange.

Upholding our mission of "Leading China's leasing industry, serving the real economy" and put into practice our core value of "stability, profession, integrity and win-win development", we are dedicated to providing comprehensive leasing services to customers in the fields including aviation, infrastructure, shipping, inclusive finance, new energy and high-end equipment manufacturing. We make corporate social responsibilities and green development integral parts of our development strategy in pursuit of high quality sustainable development. We continuously promote sound sustainable economic, social and environmental development by creating values and sharing resources with stakeholders.

Running Stable and Robust Businesses, and Strengthening Responsibility Governance

We conduct ourselves with integrity and compliance in operations. We constantly intensify our culture of responsibility and enhance our comprehensive risk management to safeguard the bottom line against risks and improve our management and control capacity. We strengthen our integrity cultivation, effectively manage, among others, credit risk, market risk, liquidity risk and operational risk, protect our intellectual property rights, safeguard our information security, put the responsible supply chain into practice, improve service quality and efficiency, achieve stable development, follow the trends, and actively address and seize the challenges and opportunities arising from the ever-changing internal and external environment.



Chairman's Statement

Implementing National Strategies, and Promoting Economic Prosperity

We proactively respond to the national strategic and development needs through integration into the national development and construction, focusing on key areas, giving full play to the special advantages of the leasing business and serving the real economy. Upholding the original purpose of "serving the real economy", we contribute to the development of the aviation industry, support infrastructure construction and promote regional economic development. We constantly strengthen our business model innovation and continuously leverage our own advantages in and capabilities of "fund raising" and "asset raising" to support industrial transformation and upgrading, inclusive finance and other areas.

Devoting to Green Development, and Constructing Balanced Ecosystem

Guided by "green" development strategy, we incorporate the concept of "lucid waters and lush mountains are invaluable assets" into the whole process of operation. On top of implementing the national requirement for establishing an environmentally friendly financial system and the original purpose for the leasing industry to serve the real economy, we constantly further develop our green leasing services to contribute to corporate development in clean energy, green traffic and other areas. In addition, we continuously strengthen our green operation to contribute to the ecological civilization construction.

Safeguarding Employees' Rights and Interests, and Facilitating Employees' Personal Development

Adhering to the operational philosophy of "aligning company and employee values", we regard talents as the powerful engine behind the Group's survival and development, and therefore continue to attract, retain and develop top-notch talents to provide an inexhaustible energy to sustain the Group's development. We continue to improve employees' rights protection and the employee care system focusing on their physical and mental health development, strive to create an equal, innovative, energetic and harmonious working environment to support employees' growth and development.

Taking Social Responsivities, and Promoting Community Development

Corporate development is inseparable from the support of the industry, region, community and society. While focusing on our own development, we always keep in mind the social livelihood needs and continuously explore new leasing poverty alleviation models, support the development of poverty areas' industries, actively participate in charity activities and fulfil corporate social responsibilities, in order to be an excellent corporate citizen and continue to create value for society.

The virus is heartless, but love prevails. In response to the sudden outbreak of the novel coronavirus disease ("COVID-19") pandemic, we have thoroughly implemented each strategic deployment of the Party Central Committee and the State Council, and proactively fulfilled corporate social responsibilities while strictly strengthening our own prevention and control, in order to help the society get through these difficult times and contribute to the steady restoration of economic and social order.

During the year 2019 under review, we made progress and shared value with stakeholders. Looking forward, we will bear in mind our mission, continue to explore and innovate, deepen risk management, play a leading role in industry development and embody our role as the pioneer and leader in the leasing industry. We will seize opportunities, strive to realize the vision of "building a world-class leasing company" and continue to create value for stakeholders from all walks of life.



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

OVERVIEW OF CORPORATE DEVELOPMENT

China Development Bank Financial Leasing Co., Ltd. is a national non-bank financial institution under the regulation of the China Banking and Insurance Regulatory Commission (CBIRC), the first listed financial leasing company in the PRC and the only leasing business platform and listed company under China Development Bank. Established in 1984, CDB Leasing is a pioneer and leader of the leasing industry in the PRC, and one of the first financial leasing companies in the PRC.

Milestones of Development

Milestones of Development

2019	Establishment of three business divisions, i.e. inclusive finance, new energy and equipment and ships.
2018	Completion of and relocation to our new office building, i.e. CDB Financial Center.
2016	Listed on the Main Board of the Hong Kong Stock Exchange as the first listed financial leasing company under the regulation of the CBIRC (stock code: 1606.HK). Establishment of CDB Aviation Lease Finance Designated Activity Company ("CDB Aviation Lease Finance DAC"), an aviation specialized subsidiary established overseas with the first approval from the CBIRC.
2015	Renamed as China Development Bank Financial Leasing Co., Ltd. upon completion of our joint-stock reform.
2014	Purchase of 130 mainstream narrow-body aircraft from Boeing and Airbus. Receipt of international credit ratings as same as the PRC's sovereign credit rating from Moody's and Standard & Poor's.



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

Milestones of Development

2008	China Development Bank became our controlling shareholder with approval from the CBIRC. Our Company was renamed as China Development Bank Financial Leasing Company Limited, which was then the largest leasing company in terms of registered capital in the PRC.
1994	Approved by the People's Bank of China to engage in financial services.
1984	Our predecessor, Shenzhen Leasing Company Limited, was established.

Major Business Models

Focusing on the market-oriented, professional, diversified and international strategic development position, we are dedicated to providing comprehensive leasing services to high-quality customers in fields including aviation, infrastructure, shipping, inclusive finance, new energy and high-end equipment manufacturing, while continuously replenishing and improving the international management teams of our overseas aviation subsidiaries, and strengthening market resilience and business decision efficiency. The Group enjoys high international credit ratings, receiving an A1 credit rating for the Company from Moody's Corporation, an A credit rating for the Group from Standard & Poor's Corporation and an A+ credit rating for the Group from Fitch Ratings, Inc. in 2019. At present, the Group has leased assets and business partners in over 40 countries and regions around the globe.

As one of the leasing companies with the longest history in the PRC, we have witnessed and participated in the development of the PRC leasing industry, experienced various economic cycles in the industry and regulatory reforms, and gained abundant experience through our exploration in business sectors, product innovation, risk management and control, operation management and other aspects. We have been continuously adhering to the balanced development of scale, quality and efficiency. Through exploration of different business sectors in a planned manner, continuous product innovation and business improvement as well as optimization of corporate governance, the Group has outpaced peers in terms of asset scale, profitability and risk control, and formed a business development model with obvious advantages of core competitiveness and prominent sustainable development capabilities.



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

Major Business Models and Their 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 utilization of assets to constantly generate value

In 2019, the Group made considerable progress. Facing various risks and challenges, we accurately captured market opportunities and duly adjusted operational strategies. By overcoming difficulties and proactively innovating, the Group achieved good harvest in terms of operation and management. The total assets amounted to RMB261.3 billion, representing a year-on-year increase of 9.8%. The lease financing to new lessees of the Group amounted to RMB93.2 billion, representing a year-on-year increase of 12.7%. Net profit amounted to RMB2.938 billion, representing a year-on-year increase of 17.2%.

Honors and Ratings

Success is derived from mastery and single-mindedness. In 2019, we gained industry respect with our professionalism, support from partners with our strength and recognition from both government and society with our actions.

Honors

December 2019	CDB Leasing was awarded the "2019 China Finance Leasing Excellence Award" (2019中國融資租賃卓越成就獎) and the "2019 China Finance Leasing Leadership Award (Wang Xuedong)" (2019中國融資租賃領軍人物獎(王學東)) on the China International Finance Forum.
December 2019	CDB Leasing was awarded the "Most Competitive Leasing Company for the Year" (年度最具競爭力租賃公司) of "2019 China Financial Institutions Gold Medal List • Golden Dragon Award" (2019中國金融機構金牌榜•金龍獎) by the Financial News.
November 2019	CDB Leasing was awarded the "2018-2019 Excellent Case of Social Responsibilities 'Green Financial' in Banking Industry in Shenzhen" (2018-2019深圳銀行業社會責任『綠色金融』優秀案例獎) by Shenzhen Banking Association.



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

Honors

September 2019	CDB Leasing was awarded the "Ten-year Industry Contribution Award of China Aviation Finance" (中國航空金融十年產業貢獻獎) and the "Best Transaction for the Year" (年度最佳交易) of the "China Air Finance 'WAN HOO' Award"(中國航空金融萬戶獎).
July 2019	CDB Leasing was awarded the "2019 Financial Leasing Company Tianji Award" (2019年度金融租賃公司天璣獎) by the Securities Times.
June 2019	CDB Leasing was awarded the Best Brand Value Award (最佳品牌價值獎) and the Best Annual Reports Design Award (最佳年報設計獎) in the China Financial Market Awards



- 1) "Ten-year Industry Contribution Award of China Aviation Finance" (中國航空金融十年產業貢獻獎) of the "China Air Finance 'Wan Hoo' Awards" (中國航空金融萬戶獎)
- 2) "Best Brand Value Award" (最佳品牌價值獎) in the China Financial Market
- 3) "Most Competitive Leasing Company for the Year" (年度最具競爭力租賃公司) by the Financial News
- 4) 2019 China Finance Leasing Excellence Award (2019中國融資卓越成就獎)

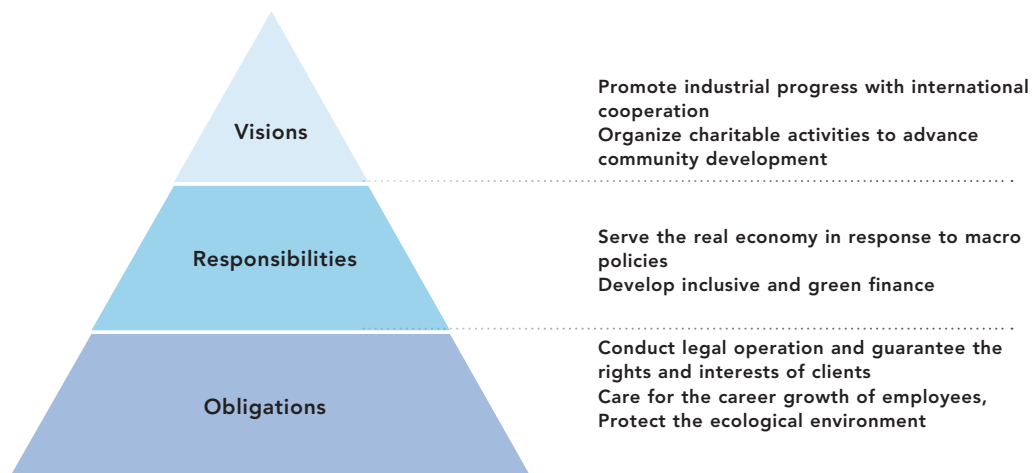


RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

CORPORATE ESG MANAGEMENT

As a majority-owned subsidiary of China Development Bank, the Group, in accordance with Environmental, Social and Governance Reporting Guide released by the Hong Kong Stock Exchange and with reference to the Opinions on Strengthening the Social Responsibility of Banking Financial Institutions (《關於加強銀行業金融機構社會責任的意見》) of the CBIRC, identifies and complies with the relevant ESG laws and regulations involved in business operations, adheres to the sustainable development philosophy of China Development Bank and considers corporate ESG management as one of the Company's strategies. We raise awareness of sustainable development for the Board of Directors, management and relevant business departments, and integrate the requirements for sustainable development in business operation, risk management and communication with stakeholders to fully implementing our sustainable development. Meanwhile, we have established a three-tier social responsibility model comprising of "obligations, responsibilities and visions" to guide the Group into fulfilling social responsibilities and achieving sustainable development.

The Social Responsibility Model



We continue to improve the construction of the environmental, social and governance (ESG) management system. We have set up an ESG working group, which is led and managed by executive directors, coordinated by the Board Office, and collaborated by multiple functional departments of various business segments such as Risk Management Department, Compliance Management Department, Discipline Committee Office, Youth League Committee, the labor union, the office, Human Resources Department, Operation and Management Department and other business departments. The ESG working group is responsible for collecting and compiling information on ESG related policies and systems, and managing such ESG data. During the year, the Board of Directors of the Group participated in ESG training, which furthered its understanding of the sustainable development trend and enhanced its sense of responsibility.



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

Looking ahead, we will further improve the ESG work structure of the Company, fulfill the respective responsibilities of the Board of Directors and the ESG working group, optimize synergies of ESG management at each level, and promote the effectiveness of our sustainable development work.

IMPLEMENTING CHINA'S NATIONAL PLAN ON IMPLEMENTATION OF THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

In 2015, the United Nations officially released Transforming Our World – the 2030 Agenda for Sustainable Development, putting forward 17 Sustainable Development Goals (SDGs), clarifying the visions and priorities of countries in the world for sustainable development. The SDGs urges the whole world to band together in ending poverty, protecting the planet and improving everybody's life and future.

In September 2016, Premier Li Keqiang chaired the symposium of “The Sustainable Development Goals: A Universal Push to Transform Our World – China's Perspective” at the United Nations Headquarters in New York, and announced the release of China's National Plan on Implementation of the 2030 Agenda for Sustainable Development (“China's National Plan”) as a guideline for China's sustainable development.



The SDGs have opened up a new era of sustainable development. This ambitious blueprint for change relies on the cooperation of all sides in the hope that governments, international organizations, enterprises and individuals will contribute to the SDGs with actions. With the SDGs and China's National Plan as guidelines and taking into account the Group's actual situations, the Group has identified the SDGs with which the Group is most closely aligned, including: SDG6 – Clean water and sanitation, SDG7 – Affordable and clean energy, SDG8 – Decent work and economic growth, SDG9 – Industry, innovation and infrastructure, and SDG11 – Sustainable cities and communities.



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE



At the same time, we also recognize other SDGs with a connection to the Group, including SDG1 – No poverty, SDG3 – Good health and well-being, SDG4 – Quality education, SDG5 – Gender equality, SDG10 – Reduce inequality, SDG12 – Responsible consumption and production, and SDG13 – Climate action.

Against the implementation measures identified and targeted by the SDGs and China's National Plan, we set out the sustainable development actions undertaken by the Group in 2019 in the following table based on the chapters of the Report:

SDGs	China's National Plan	Sustainable Development Actions Undertaken by the Group in 2019
Running Stable and Robust Businesses, and Strengthening Responsibility Governance		
SDG12 Responsible consumption and production	Fully enforce the extended producer responsibility system and encourage enterprises to comprehensively implement the concept of sustainable development in production and management.	- Suppliers had to provide relevant certification documents on the environmental protection materials used, and submitted the materials to professional institutions for testing, if necessary. - For construction projects, we stipulated that suppliers should perform the environmental protection responsibilities during the entire construction life cycle, and prompt suppliers to conduct civilized construction in accordance with the law.
Implementing National Strategies, and Promoting Economic Prosperity		
SDG1 No poverty	Take categorized and targeted alleviation measures for rural population living in poverty.	We provided a five-year equipment rental service of RMB2.5 billion for the Truly (Renshou) high-end display manufacturing project. The project had provided on-the-job training or employment opportunities to more than 1,500 people, of which more than 100 people were registered poverty-stricken people, thus helping more poor people be employed and increase their income to fight poverty.



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

SDGs	China's National Plan	Sustainable Development Actions Undertaken by the Group in 2019
SDG6 Clean water and sanitation	• Work towards full coverage of water hygiene infrastructure to achieve access to adequate and equitable sanitation and hygiene for all. • Implement the Water Pollution Prevention and Control Action Plan 《水污染防治行動計劃》 to increase the proportions of good quality water in qualified treatment of sewage water.	• We provided leasing services for water supply, gas supply, heating, pipelines and other operating facilities in 23 provinces, autonomous regions and municipalities directly under the Central Government in the PRC. • We provided funding for Kunming Dianchi Investment Co., Ltd. with the eleventh water purification plant in Kunming as a lease to support the construction and maintenance of the sewage treatment project in Kunming.
SDG8 Decent work and economic growth	• Focus on supply-side structural reform to expand effective supply and meet effective demand. • Implement the Made in China 2025 《中國製造2025》 strategy to promote the manufacturing industry in the direction of advanced, smart, green and service-oriented development. • Establish an inclusive financial services and security system to meet the requirement of a moderately prosperous society.	• We gave full play to the unique advantages of leasing, cooperate with China Development Bank, actively integrated into the overall national development and construction, and promote economic development. • We proactively implemented related industry research and business exploration, and determine we would promote business under a planned and targeted approach in equipment manufacturing industry, strategic emerging industry, environmental protection industry and manufacturing industry which was supported by national policies in the future. • We provided financial leasing services for over 30,000 medium, small and micro enterprises including terminal customers of commercial vehicle and construction machinery leasing.



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

SDGs	China's National Plan	Sustainable Development Actions Undertaken by the Group in 2019
SDG9 Industry, innovation and infrastructure	- Accelerate the improvement of a safe, efficient, smart, green and interconnected modern network of infrastructure. - Accelerate the building of financial infrastructure, improve financial services for key areas, and diversify financing channels for small and micro enterprises. - Upgrade infrastructure such as water conservancy, railway, road, water transportation, civil aviation, general-purpose aviation, pipeline, and postal services, and accelerate the transformation and upgrading of traditional industries. - Significantly increase access to information and communications technology.	- We actively responded to the national "Belt and Road" initiative, launched extensive business cooperation with airlines in countries along the "Belt and Road", and the number of aircraft leasing projects continued to grow. - We gave full play to our advantages in "fund raising" and "asset raising", strove to solve the difficult, troubled and costly financing of medium, small and micro customers, and provided inclusive financial service solutions for medium, small and micro customers. - We provided energy and power equipment rental services to enterprises in 22 provinces, autonomous regions and municipalities directly under the Central Government in the PRC. - We provided rental services for toll roads in 11 provinces and rail transportation equipment in 11 provinces.
SDG11 Sustainable cities and communities	Implement the "public transport first" strategy and promote the establishment of a sustainable urban transport system.	- We participated in infrastructure construction by means of leasing, thus effectively improving the level of infrastructure construction at the project site, helping improve the living environment of residents, and enhancing the comprehensive carrying capacity and operating efficiency of cities. - We provided a 10-year low-cost rental service for the construction of the Chengdu Metro, helping improve the efficiency of residents' travel and achieving sustainable development of the city.



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

SDGs	China's National Plan	Sustainable Development Actions Undertaken by the Group in 2019
Devoting to Green Development, and Constructing Balanced Ecosystem		
SDG1 No poverty	Take categorized and targeted alleviation measures for rural population living in poverty.	We provided financing of RMB187 million for the Jinneng Fangshan Poverty Alleviation Photovoltaic Project in Lüliang, a deeply impoverished region in Shanxi, to support the construction of the project. The project utilized photovoltaic power generation to nurture back farmers and help the poor local residents get rid of poverty.
SDG6 Clean water and sanitation	Build a water-saving society in an all-round way by enforcing strictest water resources management system, strengthening water demand and water consumption management.	We strengthened water management, replaced water-saving equipment, and increased employees' water-saving awareness.
SDG7 Affordable and clean energy	- Optimize the energy structure by improving fossil-fuel efficiency and increasing the share of clean energy consumption. - Set up a clean, low-carbon, safe and efficient modern energy system.	- We actively sought cooperation with new energy vehicle manufacturers to provide financing solutions for their sales of new energy vehicles, thus combining inclusive finance with green finance. - We provided financing of RMB580 million for the Dahexi Phase III 100MW wind farm project in Fengning Manchu Autonomous County, Chengde City, Hebei Province. After the project is put into production, it will reduce carbon dioxide emissions to the atmosphere by about 55,000 tonnes per year. - We provided financing of RMB187 million for the Jinneng Fangshan Photovoltaic Poverty Alleviation Project to support the construction of the environmentally friendly photovoltaic power generation project and help optimize the clean energy structure.



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

SDGs	China's National Plan	Sustainable Development Actions Undertaken by the Group in 2019
SDG11 Sustainable cities and communities	- Implement the "public transport first" strategy and promote the establishment of a sustainable urban transport system. - Comprehensively elevate the management level of urban municipal solid waste.	- We insisted on selecting vessels with advanced technology, stronger energy saving and environmental protection capacities, and greater versatility and value-preserving ability as lease items. In 2019, a total of 19 green chartered ships had been delivered. - Taking the opportunity presented by new energy bus procurement needs and capital needs of state-owned bus companies, we vigorously expanded green finance business concerning people's livelihood. As at the end of 2019, more than 4,300 new energy buses had been substituted by major bus companies across the country. - Based on the principle of making full use of existing resources, we reasonably extended the life cycle of office supplies such as computers, printers, monitors, toner cartridges, and ink cartridges. - All wastes were handed over to a qualified third party for recycling.
SDG13 Climate action	- Actively adapt to climate change and strengthen resistance capacity to climate risks in agriculture, forestry, water resources and other key fields, as well as in cities, coastal regions, and ecologically vulnerable areas. - Spread knowledge about climate change and low-carbon development, and encourage public participation in climate actions.	- We proactively responded to the risks posed by climate change, actively provided financial support for the clean energy industry, reduced capital investment in high-pollution and high-emission industries, and promoted the development of green finance through market-based leasing. - We strengthened self-management in green office, and gradually increased employees' environmental awareness. - The 208000 DWT Newcastlemax Green Energy-saving Dry Bulk Carrier Operating Leasing Project completed the delivery of four new energy-saving ships, the ship type of which met Tier III stage standards for carbon oxide emissions, which can effectively reduce the atmospheric pollution caused by harmful pollutant emissions generated by marine diesel engine.



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

SDGs	China's National Plan	Sustainable Development Actions Undertaken by the Group in 2019
Safeguarding Employees' Rights and Interests, and Facilitating Employees' Personal Development		
SDG1 No poverty	Establish and improve a more equitable and sustainable social protection system by improving the social insurance system, and implement the universal insurance plan.	We made contributions to "five categories of social insurance and one housing fund" for domestic employees in strict accordance with national regulations, formulated employee insurance plans for employees of overseas subsidiaries, and took out pension insurance and health insurance.
SDG3 Good health and well-being	Ensure equality and accessibility of basic health care services.	- We provided free medical check-ups for in-service employees, retired employees, service outsourcing clerks and administrative staff stationed in the Company on an annual basis. - We took out additional policies for accident and supplementary medical insurance and those covering major illnesses, etc. for domestic employees.
SDG5 Gender equality	- Adhere to the national policy of gender equality, and eradicate all forms of discrimination and prejudice against women and girls. - Strengthen women's employment and entrepreneurship capabilities and develop public childcare services.	- We built a diversified team and refused all discrimination based on gender and fertility status. - We provided equal pay, benefits and promotion channels for male and female employees. - We promoted the standardized construction of the maternal and child room of grass-roots labor unions, and effectively protected the special interests of female employees.



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

SDGs	China's National Plan	Sustainable Development Actions Undertaken by the Group in 2019
SDG8 Decent work and economic growth	- Improve employment and entrepreneurship services and launch a lifelong vocational training initiative. - Crack down on illegal and criminal activities such as child labor and forced labor in accordance with the law. - Protect workers' legitimate rights and interests such as remuneration, vacation, social security, etc.	- We researched and built a "12345" employee training system to further improve training through information technology and provide employees with online and offline dual-channel training programs. - We built a reasonable promotion mechanism to clarify the career development channels of employees, and regularly organized the selection of middle-level personnel and the promotion of employees below the middle-level. - Use of child labor and forced labor was prohibited, and minor workers who provided false application materials were not hired. - We implemented a regular work hour system to protect employees' legitimate rights to leave. In addition to national holidays, there were other paid leave such as annual leave, etc.
SDG10 Reduce inequality	- Ensure equal opportunity and protect people's right to equal participation and equal development. - Increase individual income along with economic development and work remuneration along with improvement in labor productivity.	- We adhered to the principles of fairness, impartiality, and openness in recruitment, and did not place restrictive requirements on conditions such as gender, ethnicity, nationality and region, etc. - In respect of salary distribution and promotion, we guaranteed that no one would be treated differently due to factors such as gender and age, etc. - We optimized the salary distribution mechanism, improved the performance evaluation incentive mechanism, and further increased the positive incentive effect of salary.



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

SDGs	China's National Plan	Sustainable Development Actions Undertaken by the Group in 2019
Taking Social Responsibility, and Promoting Community Development		
SDG1 No poverty	Take categorized and targeted alleviation measures for rural population living in poverty.	- We paid visit to Zheng'an County, Guizhou, a national poverty-stricken county, to carry out public welfare donations and industrial poverty alleviation surveys, and actively explored effective models for poverty alleviation through leasing. - We donated RMB950,000 to Panchangying Village, a key county for national poverty alleviation and development work, to be used for the renovation and upgrading of old houses in the village.
SDG4 Quality Education	Ensure equal rights of less-privileged groups to compulsory education.	In 2019, a special poverty alleviation fund of RMB1.95 million in total was donated to five poverty-stricken areas, including the Dongxiang Autonomous County of Gansu Province and Gulang County of Wuwei City, to improve the teaching conditions at school. In particular, a total of RMB250,000 was donated to five schools in Gulang County for the renovation of the lighting facilities.
SDG6 Clean water and sanitation	Work toward full coverage of water hygiene infrastructure to achieve access to adequate and equitable sanitation and hygiene for all.	- We donated funds to Jielong Village for the construction of safe drinking water project in the village to improve the basic conditions in poverty areas. The safe drinking water problems of more than 300 villagers were solved. - We donated special poverty alleviation funds to five poverty-stricken areas including Dongxiang Autonomous County of Gansu Province and Gulang County of Wuwei City to improve residents' drinking facilities.
SDG11 Sustainable cities and communities	Proactively promote greening construction in urban and rural areas by continually increasing per capita green park space.	We organized charitable environmental protection mountaineering and park cleaning activities to enhance employees' environmental awareness.

In the future, the Group will continue to actively implement sustainable development actions and make all possible contributions within our abilities to sustainable development in China and even the world.

COMMUNICATION WITH STAKEHOLDERS AND MATERIALITY



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

ASSESSMENT ON MATERIAL ISSUES

The Group pays close attention to the requests of various stakeholders. We have identified the major stakeholders of the Group, fully understood their requests and expectations, and established an effective communication mechanism. We have strengthened the communication with various stakeholders and actively responded to their requests with a view to working together with partners to achieve sustainable development.

Major Stakeholders	Appeals and Expectations	Communications and Responses
Governments and regulatory authorities	Abide by laws and regulations for legal operations Create job opportunities and pay taxes according to law 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
Employees	Protection of basic rights and interests Reasonable salary and welfare Promotion and growth channels Protection of health and safety Employee care	Abide by employment laws and regulations and perfect the employment system Adopt a competitive salary system and transparent promotion mechanism Organize career training for staff growth Offer health examinations and other staff care benefits



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

Major Stakeholders	Appeals and Expectations	Communications and Responses
Industrial organizations/ Partners	Promote healthy industrial development Mutually beneficial and win-win cooperation with partners	Deepen win-win cooperation with industrial partners Maintain sound relations and trustworthiness with different suppliers
Media	Sound interactions with the media Information disclosure	Improve media communications Disclose information via multiple channels
Community/Public	Support community development	Organize charitable donations, social activities for the public good and volunteering activities Positive interaction with NGOs
Environment	Protect the environment and reduce energy consumption and emission	Green office Give priority to finance leasing support for environmentally friendly and energy-saving equipment Develop businesses related to new energy

Major stakeholders and communication of relevant issues

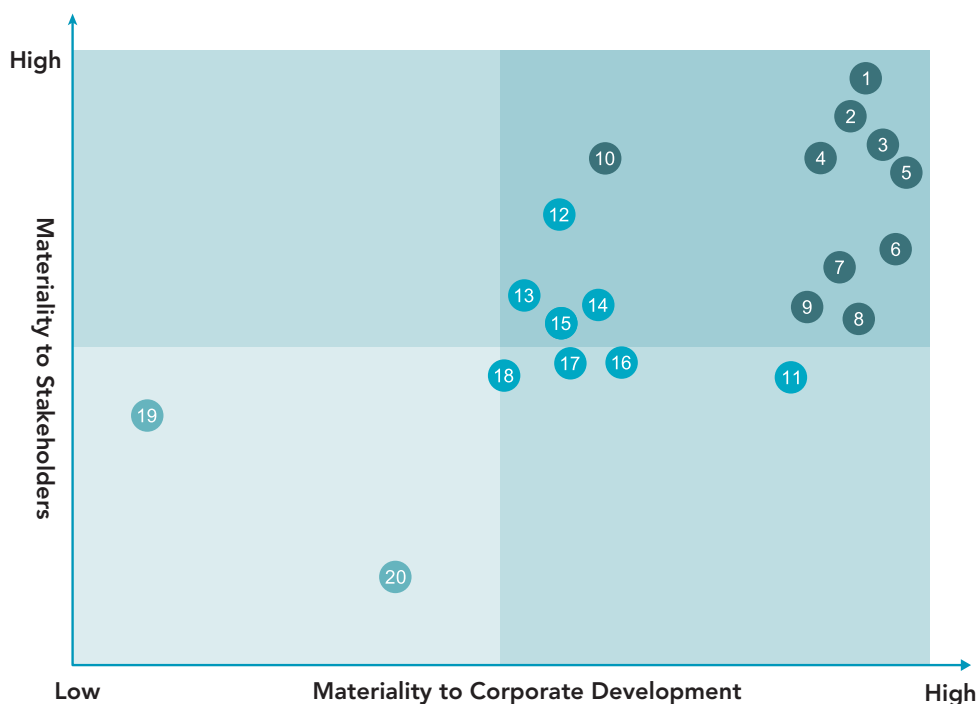
For the purpose of more thorough understanding of the expectations and appeals of stakeholders for the relevance and materiality of the Report, we follow the procedures for the analysis of material issues, actively carry out the questionnaire survey of stakeholders, and select key issues with strong substance. In addition, we continue to adjust and improve the management according to the material ESG issues to ensure that the development strategy of the Group is aligned with material issues and satisfied the requests of stakeholders.

Based on the stakeholders' engagement and according to the materiality principles, we present the assessment results by way of the materiality assessment matrix of ESG key 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 the Report.



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

Materiality Assessment Matrix of ESG Issues



List of Material ESG Issues

- | | | | |
|-----------------------------|--|------------------------------------|---|
| 1 Responsibility governance | 6 Employees' safety and health | 11 Inclusive finance | 16 Intellectual property right protection |
| 2 Integrity cultivation | 7 Response to climate change | 12 Service for national strategies | 17 Labor standard |
| 3 Green finance | 8 Employees' remuneration and benefits | 13 Client complaint handling | 18 Support for social welfare |
| 4 Compliant operation | 9 Employee training and development | 14 Product and service quality | 19 Supply chain management |
| 5 Risk management | 10 Consumer privacy protection | 15 Resource usage | 20 Emissions management |

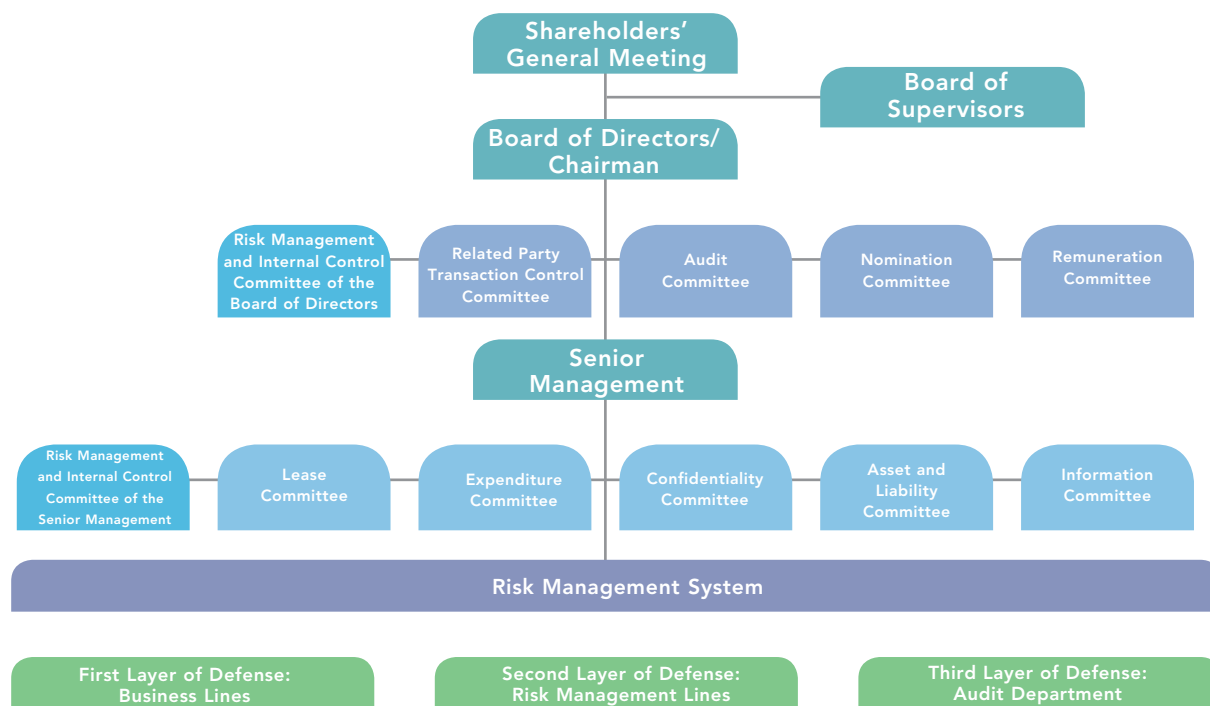
RISK AND COMPLIANCE MANAGEMENT

We are exposed to various risks in our ordinary course of business, including credit risk, market risk, liquidity risk, operation risk, anti-money laundering and sanctions compliance risk, information technology risk, country risk, reputation risk, etc. The Group carries out risk management with the support for sustainable development of the business and enhancement of the Group's value as the strategic objectives, and has established and continually improved a comprehensive risk management system with a feature of "all round and comprehensive process with participation of all personnel". This actively promotes and nurtures the risk philosophy that "everyone shall be equal in the face of risks, everyone shall be responsible for risk control", and established a three-tier risk management organizational system comprising the Board, senior management and relevant departments, forming three layers of defense of risk management, which realizes the all-process risk control covering pre-rental, rental and post-rental processes.

RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

The Group actively responds to changes in the external situation and policies, and continuously improves our comprehensive risk management system and risk management mechanism to strengthen our risk prevention and control capabilities. In 2019, in accordance with Basic Rules for Comprehensive Risk Management of China Development Bank Financial Leasing Co., Ltd. 《國銀金融租賃股份有限公司全面風險管理基本規定》, the Company's master plan document on risk management, we have newly formulated and revised more than 20 risk management systems, further improved the Company's comprehensive risk management system and strengthened the degree of compliance and comprehensiveness of rules and regulations management.

Risk Management Organizational System





RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

In 2019, the Group took the initiative to make necessary rectification, promote error detection and fill the gaps, and constantly improve the Company's compliance risk management system and mechanism; continued to promote the construction of a compliance culture, enhance the compliance awareness of all employees, and promote the formation of the compliance culture of "active compliance by everyone".

Construction of Compliance Risk Management System and Mechanism

- Solidly promote the rectification of problems:
Put forward questions with reference to on-site inspections and supervisory opinions, and strictly implement rectification; establish a management account, clarify the standard time limit for rectifications, insist on assigning responsibility to the posts and individuals, and check and accept each item against a checklist, such that the rectification tasks are all completed.
- Improve the internal control compliance system:
Sort out ten major types of compliance issues and form a compilation of regulations for financial leasing, ensuring lawful and compliant business operations.

Compliance Culture Building

- Strengthen reflection and training:
Carry out special training, and promote compliance culture through diverse means such as site promotion, education through audio and visual medium, email reminders and paper manuals on a regular basis.
- Strengthen the interpretation of regulatory policies:
Keep abreast with policy adjustments and changes to ensure effective implementation of regulatory policies.
- Improve professional management level:
Organize compliance officers to participate in internal and external training.



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

Construction of Compliance Risk Management System and Mechanism

- Perfecting the system according to regulatory requirements:
Revise rules and regulations comprehensively, leading to a total of 123 items of additions, modifications and abolishment; carry out comparison and review of regulatory policy documents, screen and sort out 334 rules and regulations for a prompt rectification, and supplement and amend 26 items to further improve the system.
- Effectively identify and manage compliance risks:
Strengthen effective communication with regulatory authorities, promote the effective interaction between the Company's own compliance and external supervision, fully cooperate with investigators on regulatory inspections, and further optimize the Group's compliance internal control management system by promoting rectification according to the inspection opinions.

Compliance Culture Building

- Strengthen accountability for violations:
Optimize and improve the accountability management mechanism and work process, and refine the standard of responsibility identification. Clearly clarify circumstances for lenient treatment, relief and exemption of responsibility while increasing the variety of punishments, so as to strengthen the combined use of punishment and guidance to supervise compliance performance and promote diligence.



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

IN-DEPTH INTEGRITY CULTIVATION

The Group strictly abides by the Criminal Law of the People's Republic of China 《中華人民共和國刑法》, the Company Law of the People's Republic of China 《中華人民共和國公司法》, the Anti-money laundering Law of the People's Republic of China 《中華人民共和國反洗錢法》, the Interim Provisions on Prohibiting Commercial Bribery 《關於禁止商業賄賂行為的暫行規定》 and other laws and regulations on anti-bribery, blackmail and money-laundering, and has formulated the CDB Financial Leasing Co. Ltd.'s Anti-Fraud Management Rules 《國銀金融租賃股份有限公司反舞弊管理辦法》, CDB Financial Leasing Co. Ltd.'s Management Rules on Anti-money Laundering and Sanctions Compliance 《國銀金融租賃股份有限公司反洗錢和制裁合規管理辦法》, CDB Financial Leasing Co. Ltd.'s Management Rules on Investigation of Employees' Behaviors 《國銀金融租賃股份有限公司員工行為排查管理辦法》, CDB Financial Leasing Co. Ltd.'s Management Rules on Anti-money Laundering Information 《國銀金融租賃股份有限公司反洗錢信息管理辦法》 and other systems and regulations. CDB Aviation Lease Finance DAC has formulated the CDB Aviation Lease Finance DAC's Guidance on Anti-bribery and Anti-corruption Policies 《國銀航空公司反賄賂、反腐敗政策指南》, CDB Aviation Lease Finance DAC's Systems on Gifts and Entertainment 《國銀航空公司禮品和招待制度》, CDB Aviation Lease Finance DAC's Systems on Anti-money Laundering and Due Diligence 《國銀航空公司反洗錢和盡職調查制度》 and other internal systems, so as to fortify the culture of integrity. In 2019, as supported by integrity education and with a focus on supervision and discipline enforcement, the Group strove to further push forward with the Party's style of integrity cultivation and anti-corruption in order to maintain our sustainable healthy development.

Emphasizing Day-to-day Management

The Group continued to strengthen monitoring on positions with integrity risk and management on integrity records of cadres. In 2019, we improved the monitoring and management mechanism on job positions with integrity risk for "full-year monitoring, dynamic adjustment of lists, effective accountability and year-end control check", arranged thorough inspections of integrity risk points for the year along all lines and in all departments, sort out the job positions with integrity risk, and formulated corresponding supervision measures. At the same time, we further enhanced the maintenance of integrity records of cadres with dynamic updates of information on integrity records such that the integrity records may serve as an important source of reference for, among other things, the selection, appointment, appraisal and assessment of outstanding cadres, and to strengthen the management and supervision on cadre-level employees.



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

Reinforcing Integrity Education

The Group insisted on updating our Party-style integrity education column "Picture for the Week" (「每周一畫」) in the WeChat work group for employees, and compiling and publishing the CDB Leasing's Party-style Integrity Cultivation 《國銀租賃黨風廉政建設》 electronic journals and wall newspapers. We promptly issued reminders of celebrating festivities with integrity at major festivals and other time points that are prone to corruption. We also compiled and published learning materials including the General Secretary Xi Jinping's Important Speech on Deepening the Reform of National Supervision System 《習近平總書記關於深化國家監察體制改革重要講話》, Accountability Regulations of the Communist Party of China 《中國共產黨問責條例》, the Spirit of the Fourth Plenary Session of the Nineteenth Central Committee of the Party 《黨的十九屆四中全會精神》 and their interpretations, so as to promote the sense of "reverence and bottom line observance" among all employees. Besides, we conducted quarterly integrity education activities "a lesson for a quarter" (「一季一課」) which included arranging our cadre-level employees to visit Shenzhen Prison, Shenzhen Detention Center and other warning education bases, as well as inviting experts and scholars from the Central Party School, Beihang University, Shenzhen University and Shenzhen Intermediate People's Court to give lectures on integrity education for our cadre-level employees. In 2019, we organized eight training sessions on anti-corruption for all employees with average training hours per person of about 22 hours.



Professor Ren Jianming, the director of the Centre for Integrity Research and Education and a doctoral tutor at Beihang University, gives a special report on "anti-corruption situation and analysis" for all employees of the Company



Mr. Peng Zhong, a deputy Party committee secretary and the president, leads a team to visit No. 1 Detention Center of Shenzhen Municipal Public Security Bureau to carry out integrity warning education activities

Deepening Integrity Inspection

In 2019, the Group further deepened integrity inspection, and insisted on the combination of daily inspections and quarterly intensive inspections. In accordance with the principle of "a level supervises another level", the leaders at each level paid attention to and investigated the integrity practices, work performance, day-to-day communication, family situation and other aspects of their directly-managed employees on an ongoing basis.



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

Strengthening Discipline Enforcement and Accountability

We are determined to conduct investigation of reported issues and work against corruption as our must dos. We releases the information about professional ethics, integrity and other contents to the public on the official website of the Group, and provides particulars including corruption reporting hotline, e-mail and address for complaints and reporting to receive relevant clues and reports for strict discipline enforcement and accountability. The Group has internally set up a complaint and reporting mailbox, reporting email and reporting hotline dedicated for the discipline committee's use.

In 2019, we reinforced the awareness of law-abidance and compliance among all employees and effectively prevented various violations by means such as having pre-service integrity talks and signing the Integrity Practice Responsibility Letters 《廉潔從業責任書》 with new middle-level cadres, conducting collective integrity talks for new recruits, and having talks with employees for reminding and understanding the situation.

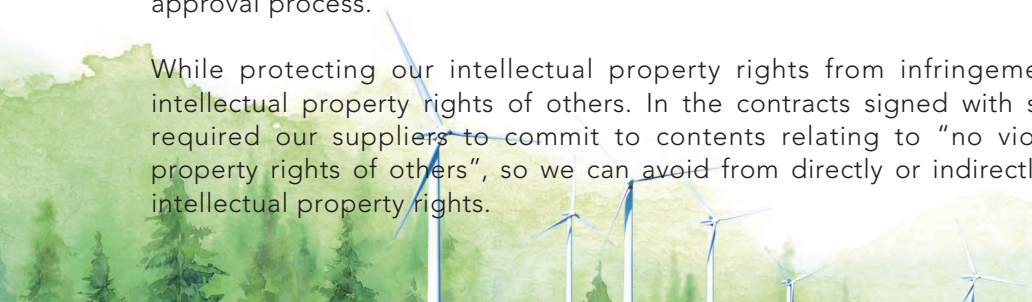
Pursuant to the requirements of integrity practices, we advised all departments to send the CDB Leasing's Staff Integrity and Self-Discipline Notification Letter 《國銀租賃工作人員廉潔自律告知書》 to the Group's customers and other partners, informing them the prohibitive regulations applicable to the employees of the Group and accepting extensive supervision from the society. Meanwhile, in order to further strengthen integrity, we signed the Integrity Cooperation Agreements between Banks and Enterprises 《銀企合作廉潔從業協議》 with our customers to better maintain our cooperative relationship with them as well as to safeguard a healthy, fair, transparent and just business environment.

PROTECTING INTELLECTUAL PROPERTY RIGHTS

In strict compliance with the Patent Law of the People's Republic of China 《中華人民共和國專利法》, the Trademark Law of the People's Republic of China 《中華人民共和國商標法》, the Tort Law of the People's Republic of China 《中華人民共和國侵權責任法》 and other laws and regulations, we have formulated the CDB Financial Leasing Co. Ltd.'s Management Rules on the Work of Intellectual Property Protection 《國銀金融租賃股份有限公司知識產權保護工作管理辦法》, and worked on intellectual property protection based on the principles of "division of responsibilities, scientific management, encouragement of innovation, and no infringement allowed".

All departments and individuals of the Group shall not disclose, use, license or transfer the intellectual property rights owned by the Group through their office or by illegal means. We continue to track the application of the Group's intellectual property rights and pay attention to whether these rights have been illegally used. In case of infringement, the Group will safeguard our rights and interests in accordance with the law. At the same time, we strictly abide by the Advertising Law of the People's Republic of China 《中華人民共和國廣告法》 and other laws and regulations, and have made specific provisions on the use of company logos, standard character trademarks, standard colors, symbolic patterns, etc. The aforesaid VI (Visual Identity) of the Company can only be used by the departments after going through the internal application approval process.

While protecting our intellectual property rights from infringement, we also respect the intellectual property rights of others. In the contracts signed with suppliers, we have clearly required our suppliers to commit to contents relating to "no violation of the intellectual property rights of others", so we can avoid from directly or indirectly infringing other parties' intellectual property rights.



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

SAFEGUARDING INFORMATION SECURITY

We value the protection of information of customers, employees and the Group. In order to safeguard information security, the Group has formulated the CDB Financial Leasing Co. Ltd.'s Management Rules on Information Security (《國銀金融租賃股份有限公司信息安全管理辦法》), CDB Financial Leasing Co. Ltd.'s Management Rules on Business Secrets (《國銀金融租賃股份有限公司業務秘密管理辦法》), CDB Financial Leasing Co. Ltd.'s Management Rules on IT System Data Quality (Trial) (《國銀金融租賃股份有限公司IT系統數據質量管理辦法(試行)》) and other internal management systems, so as to restrict and regulate employee behaviors with rules and regulations, and prevent possible leaks. To promote regular and systematic confidentiality work, the Group, while establishing and improving our confidentiality system, has also included the performance of confidentiality work and confidentiality management measures in annual performance appraisal, formed an incentive and restraint mechanism, and put auto-replay PPT slide shows on elevator TV screens of the Group's buildings to foster employees' awareness of safeguarding information security.

In strict compliance with the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) and other laws and regulations, we have deployed technical means including log audit system, database audit system and network data leakage prevention system on the intranet to strengthen the protection of information security and protect the privacy of the Group and our customers. We also set relevant permissions by following the principle of least privilege. In 2019, the Group introduced third-party agencies to provide us with information security products, security testing, security services, technical teams and other aspects of information security professional services, safeguarding the Group's information security in all respects and strengthening the Group's ability of information security assurance.

In terms of controlling and preventing information leakage, we have also established a closed-loop emergency response mechanism consisting of "checking the leaked data and information – confirming the source of the leaked data – proposing handling measures – working on customer communication – reviewing the data leakage", which is of great significance for the Group to further improve our emergency response mechanism and enhance coping capacity.

GUARANTEEING SERVICE QUALITY

With an aim to improve service quality and better address customer needs, in 2019, the Group strengthened our customer-oriented business development model, and improved the customer management model which is based on the "three pillars" comprising the customer list system, customer manager system and customer visit feedback mechanism. Besides, the Company formulated the CDB Financial Leasing Co. Ltd.'s Management Rules on Differentiated Comprehensive Credit Management Measures for Key Customers (Trial) (《國銀租賃股份有限公司重點客戶差異化綜合授信管理辦法(試行)》) in 2019, so as to provide key customers with better quality services in terms of business processes.



RUNNING STABLE AND ROBUST BUSINESSES, AND STRENGTHENING RESPONSIBILITY GOVERNANCE

In 2019, the Group formulated the CDB Financial Leasing Co. Ltd.'s Client Complaint Handling Measures 《國銀金融租賃股份有限公司客戶投訴處理辦法》. After receiving a customer complaint, we may handle the customer complaint involving various departments on multiple levels and from every angle in accordance with relevant laws, regulations and internal systems, by analyzing the cause of the complaint and timely addressing and effectively responding to the reasonable customer demands, in order to improve the quality of customer service and promote the effective regulation of the Group's business.

For the purpose of further improving post-rental management, the Group has set up a hotline for small and micro enterprises and natural person lessees to lodge complaints to our on-site representatives, so as to timely deal with the problems encountered by lessees in the process of post-rental management and improve customer satisfaction. In 2019, the inclusive finance segment of CDB Leasing received a total of 3 complaints, a significant decrease as compared to the same period last year. All of them were properly addressed, and the quality of post-rental management service was significantly improved.

RESPONSIBLE SUPPLY CHAIN PRACTICES

In compliance with the Bidding Law of the People's Republic of China 《中華人民共和國招標投標法》, The Regulation on the Implementation of the Bidding Law of the People's Republic of China 《中華人民共和國招標投標法實施條例》 and other laws and regulations, the Group upholds the "just, fair and open" procurement principles, implements standardized management of suppliers, and maintains stable business relationships with suppliers. We have formulated the CDB Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Centralized Purchasing 《國銀金融租賃股份有限公司集中採購工作實施細則》, which establish clearly defined systems and regulations on centralized procurement in terms of project establishment requirements, technical standards stipulated in procurement documents, and preliminary selection of suppliers. CDB Aviation Lease Finance DAC, a subsidiary of the Group, has formulated the CDB Aviation Lease Finance DAC's Procurement System 《國銀航空公司採購制度》 to ensure the compliance of its procurement.

In order to identify the environmental and social risks of our suppliers, the Group adopts a management model consisting of pre-project tender review, supervision and inspection during the project, and post-project evaluation. The Group encourages our suppliers to use environmentally friendly materials in the process of providing products or services by requiring them to produce relevant certification documents on the environmentally friendly materials used and submitting the same to professional agencies for testing if necessary. When cooperating with suppliers, in case of construction projects, the Group will stipulate the environmental protection responsibilities that the suppliers should perform during the entire construction life cycle in the contract documents, and urge the suppliers to perform civilized construction in accordance with the law to minimize the impact of the construction on the neighboring residents, environment and society.



IMPLEMENTING NATIONAL STRATEGIES, AND PROMOTING ECONOMIC PROSPERITY

As the sole leasing business platform and listed platform under China Development Bank, the Group adheres to the mission of “serving the real economy, leading China’s leasing industry”, gives play to the characteristics and advantages of leasing, and conducts business collaboration with China Development Bank, to actively integrate into the overall development and construction of the country and support economic development. In 2019, regarding aircraft leasing and infrastructure leasing segments as core business, the Group further optimized our business layout while actively carrying out ship leasing and inclusive finance and prudently expanding other leasing business. Meanwhile, we served the development of the Yangtze River Economic Belt, Guangdong-Hong Kong-Macao Greater Bay Area, the “Belt and Road” and other focused areas and fields under the national development plan, put green finance into practice, and took the initiative to perform the main responsibilities in the “three tough battles”.

SUPPORT FOR THE DEVELOPMENT OF THE AVIATION INDUSTRY

In 2019, the aviation industry continued to maintain steady growth. The air travel market is expected to be 2.5 times larger than the current size in 20 years’ time. The global commercial jet fleet will continue to grow substantially, and about half of the commercial aircraft will be financed by aircraft lessors. Airlines will continue to add flying capacity to their networks in order to satisfy the growing demand. In addition, new generation aircraft with better fuel efficiency will enable airlines to gain operational cost savings, while supporting environmental sustainability initiatives.

The aircraft leasing business is one of the core business segments of the Group. We have actively responded to the “Belt and Road” initiative of the country and launched extensive business cooperation with airlines in countries along the “Belt and Road” initiative, which promotes the development of the aviation transport industry in these countries and provides a rare historical opportunity for the Group’s aircraft leasing business to go global.

In 2019, 22 airlines became our new customers, and the number of aircraft leasing projects continued to grow. As at the end of the reporting period, the Group had a total of 420 aircraft, consisting of 228 owned aircraft, 5 managed aircraft and 187 committed aircraft. For reducing fuel consumption and greenhouse gas emissions to promote environmental sustainability, the Group has always maintained a high proportion of the new aircraft with high efficiency and low fuel consumption in our aircraft orders. In 2019, we had an addition of 23 energy-saving aircraft (2 for 737MAX, 5 for A330neo and 16 for A320/321neo), which effectively spurred the upgrade of fleets of our airline customers.



Implementing National Strategies, and Promoting Economic Prosperity

Case: Sale-leaseback transaction on six A330neo aircraft between CDB Aviation Lease Finance DAC and Garuda Indonesia

On November 18, 2019, CDB Aviation Lease Finance DAC announced the launch of sale-leaseback business on six A330neo (New Engine Option) aircraft jointly with Garuda Indonesia, along with the official delivery of the first aircraft.

The Airbus A330neo aircraft is the improved version of the existing A330 aircraft. Equipped with the new Trent 7000 engine produced by Rolls-Royce, improved in terms of aerodynamic performance and optimized for its cabin and interior, the aircraft provides its passengers a modern and comfortable experience during flights. In addition, the A330neo aircraft offers a 14% reduction in fuel burn per seat and its range would increase by 740 kilometers.

"The A330neo aircraft will deliver superior fuel economy and far extended range to position Garuda Indonesia for the sustained growth in its medium and long-haul operations as the company continues its long-term strategy to successfully compete in the industry," said Sign Kadouh, CDB Aviation Lease Finance DAC's Head of Marketing, Asia Pacific.



▲ An A330neo aircraft of Garuda Indonesia



Implementing National Strategies, and Promoting Economic Prosperity

Case: The operating lease transaction on three A320neo aircraft between CDB Aviation Lease Finance DAC and Ural Airlines in Russia

On August 6, 2019, CDB Aviation Lease Finance DAC announced its operating lease business on three A320neo (New Engine Option) aircraft with Ural Airlines in Russia, along with the official delivery of the first aircraft. The delivered aircraft would be used by Ural Airlines for route network expansion between Moscow and Yekaterinburg, as well as for the routes to China and Europe.

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 warmly welcome Ural Airlines to be included in our customer base. The new generation A320 aircraft will well serve the renewal and expansion plans of our customer's fleet and help it become a leading Russian airline", said Peter Goodman, CDB Aviation Lease Finance DAC's Head of Commercial, Europe, Middle East and Africa.



▲ A group photo with employees from Ural Airlines in Russia



Implementing National Strategies, and Promoting Economic Prosperity



▲ An A320neo aircraft

SUPPORTING INFRASTRUCTURE CONSTRUCTION

Infrastructure construction is essential for improving the level of urban development and civilization, a significant foundation for promoting the building of a moderately prosperous society in all respects, and a basic condition for the balanced development between urban economy and society. The Group considers infrastructure leasing as one of our core business segments and taps into such field in the form of leasing. While providing finance for the government and enterprises, the Group effectively enhances infrastructure construction in the local areas of the projects, which is of vital importance to the improvement of living environment, enhancement of cities' comprehensive carrying capacity, betterment of urban operation efficiency and steady advancement of new-type urbanization. In 2019, the Group's lease financing to lessees in the infrastructure leasing business amounted to RMB42.649 billion, accounting for 45.74% of our lease financing to lessees during the year.



Implementing National Strategies, and Promoting Economic Prosperity

At present, we have launched the infrastructure leasing business across the country, which mainly includes the following major areas:

- **Transportation infrastructure** (toll roads, rail transit, etc.): The existing leasing projects of the Group include toll roads in 11 provinces in the PRC and rail transit equipment in 11 provinces in the PRC.
- **Urban infrastructure** (urban utility facilities, social housing, etc.): The Group provides leasing services for water, gas, heating, pipelines and other operational facilities in 23 provinces, autonomous regions and municipalities directly under the Central Government in the PRC, and provides social housing leasing service in four provinces, autonomous regions and municipalities directly under the Central Government in the PRC.
- **Energy infrastructure** (photovoltaic, wind power, traditional energy generating equipment and other generating equipment): The Group mainly provides energy and electric power equipment leasing services to enterprises in 22 provinces, autonomous regions and municipalities directly under the Central Government in the PRC.



Implementing National Strategies, and Promoting Economic Prosperity

Case: Transportation infrastructure – Chengdu Metro

Urban rail transit is the main stem of urban public transportation and the main artery of passenger transportation. Construction of rail transit projects helps optimize the urban layout in terms of space and structure, spurs the development of cities along rail corridors, and alleviates common urban problems such as dense population, housing shortage, small green areas, and serious air pollution in city centers. Urban rail transit is also recognized by the world as “green transport” with low energy consumption and less pollution, which is of great significance for sustainable urban development. In addition, the construction and development of urban rail transit is conducive to improving citizens’ travel efficiency, saving time and improving the quality of life.

Chengdu City, Sichuan Province has a built-up urban area of 1,000 square kilometers and a permanent population of approximately 16.58 million. The construction of Chengdu Metro has become the “No.1 Project” to ensure the safe, efficient and green travelling of citizens. At present, Chengdu Metro has 13 planned metro lines with a length of 692 kilometers and a total investment of RMB500 billion; a total of 46 metro lines are planned to be built in the long run, with a total length of 1,765 kilometers and a total investment of over RMB1 trillion.

In 2019, forming a “circumferential-radial” metro transportation network, six metro lines with a length of 222 kilometers commenced operation in Chengdu City, which played an important role in providing citizens with efficient travel, alleviating traffic congestion, reducing exhaust emissions, as well as promoting the implementation of the “Chengdu-Chongqing Double-City Economic Circle” strategy. On the basis of our cooperation in 2018, we continued to provide Chengdu Rail Transit Group Co., Ltd. with funds for a longer period at a lower cost in 2019 by holding the communication system of Chengdu Metro Line 2 as a leased asset, thereby contributing to the construction of Chengdu rail transit and the improvement of urban commuting.



▲ Chengdu Metro Train



▲ Chengdu Metro Station Hall

Implementing National Strategies, and Promoting Economic Prosperity

Case: Transportation infrastructure – Lianhuo Expressway

The expressway is an indispensable infrastructure, and its construction plays an active role in promoting the adjustment of transportation conditions, logistics and industrial structure, resource development, investment attraction and horizontal economic integration in regions along the expressway.

Lianhuo Expressway is an expressway connecting Lianyungang City, Jiangsu and Khorgos City, Xinjiang, and is the longest expressway in the PRC. Traversing the eastern, central and western parts of mainland China, it is the “fourth horizontal” line of the “five vertical and seven horizontal” national highways, and also an important transportation artery in the State’s “Belt and Road” initiative.

In 2019, the Group provided financial support to Gansu Province Highway Aviation Tourism Investment Group Co., Ltd. by holding the road assets and ancillary facilities of Yongshan Section of Lianhuo Expressway in Gansu Province as leased assets, which help greatly in facilitating the state ownership system reform and paying off government debts in Gansu Province, as well as promoting sound and orderly development of transportation industry in Gansu Province.



▲ Lianhuo Expressway



Implementing National Strategies, and Promoting Economic Prosperity

Case: Urban infrastructure – Sewage Treatment Project in Kunming City

To put the important spirit of the speeches and instructions given by General Secretary Xi Jinping regarding the promotion of the development of the Yangtze River Economic Belt into practice, and to improve with all efforts the quality and effectiveness of financial institutions assisting the development of the Yangtze River Economic Belt, the Group provided financial support to Kunming Dianchi Investment Co. Ltd. in 2019 by holding the 11th water purification plant of Kunming City as a leased asset, so as to support the construction and maintenance of the sewage treatment project in Kunming City. The 11th water purification plant has a treatment capacity of 60,000 cubic meters per day, with its service covering an area of 19.3 square kilometers and a population of 160,000. The implementation of this project can greatly improve the water body environment within the service range of the purification plant, which is of great significance for improving the water quality of Dianchi and protecting the ecological balance of the upper Yangtze River. It is a specific measure which thoroughly implements the “five-in-one” strategic layout and civilized ecological construction. It is also the embodiment of the Group’s active response to the call of the state, implement the protection and management of water resources.



▲ The 11th water purification plant of Kunming City

Implementing National Strategies, and Promoting Economic Prosperity

FACILITATING THE UPGRADING OF MANUFACTURING INDUSTRY

The level of manufacturing industry is one of the fundamental factors that determine a country's comprehensive strength and international competitiveness. After the 18th National Congress of the Communist Party of China, General Secretary Xi Jinping has repeatedly made important remarks on the transformation and upgrading of "Made in China", and clearly pointed out the road of "making breakthroughs". In September 2019, General Secretary Xi Jinping stressed in his congratulatory letter to the 2019 World Manufacturing Conference that China attaches great importance to the development of manufacturing industry, adheres to the strategy of innovation-driven development, and regards the promotion of high-quality development of manufacturing industry as an important part of building a modern economic system.

With the rapid development of science and technology, advanced manufacturing technology is developing towards the direction of informatization, automation, and intelligence. Intelligent manufacturing is increasingly becoming the core content of future manufacturing development. In the process of upgrading China's manufacturing industry under the support of financial industry, fund raising and asset raising are combined together to form a new financial function and characteristic integrating finance, trade and services, which can open the link between capital and industry and become an effective supplement to financing channels such as traditional bank credits.

In order to response to the national call, the Group actively carried out relevant industry research and business exploration, and has determined that it will promote equipment manufacturing industry, strategic emerging industries, environmental protection industry and the manufacturing businesses supported by national policies with planning and focus in the future. The Group will also actively push forward the innovation in product models to create new business growth drivers.



Implementing National Strategies, and Promoting Economic Prosperity

Case: Truly (Renshou) high-end display manufacturing project

Located in Meishan City, Sichuan Province, Truly (Renshou) high-end display manufacturing project is a manufacturing project that has the largest size of investment in the city. It plays a decisive role in driving local economic development, promoting employment as well as increasing income and alleviating poverty. With a total investment of RMB12.5 billion, the project has six associated industrial projects, greatly encouraging the growth of local catering and accommodation, logistics and transportation, living services and other related fields. The Group provided the project with equipment rental services amounting to RMB2.5 billion for a term of five years.

The Truly (Renshou) high-end display manufacturing project uses industry-leading technology, which marks a new stage in the technical level of China's high-end in-vehicle display and intelligent terminal display products as well as the overall technical level of the new flat panel display industry. The implementation of the project shows that China has opened up a healthy path for new technology development through the accumulation of experience and independent research and development in the field of new flat panel displays, thus avoiding the constraints caused by reliance on external parties.

As at the end of 2019, the cumulative output value of Truly (Renshou) high-end display manufacturing project was RMB2.1 billion. It is estimated that the output value will exceed RMB5.0 billion in 2020. After the project reaches its full production capacity, the annual output value will increase to RMB12.1 billion. The project will play an active role in facilitating the development of new generation electronic information industry, which can significantly improve the local economy, increase government tax revenue and improve local people's livelihood.

By the end of 2019, the project had provided on-the-job training or job opportunities for more than 1,500 people, of which more than 100 people were national registered poor people. When the project reaches its production capacity, it is expected that upstream and downstream enterprises in the industry value chain will provide jobs for more than 5,000 people, helping more poor people get employed, increasing their income and lifting them out of poverty.



▲ Truly (Renshou) High-end Display Technology Limited
(信利(仁壽)高端顯示科技有限公司)



▲ High-end display manufacturing site

Implementing National Strategies, and Promoting Economic Prosperity

Case: Supporting the construction of a national storage base to solve the problem in the development of integrated circuit industry

In July 2015, the National Integrated Circuit Industry Development Leading Group clearly incorporated the development of the storage industry into the national strategy. In 2016, the National Storage Base Project (Phase I) (國家存儲器基地項目(一期)) was officially launched in Wuhan. After completion, the project will have a production capacity of 100,000 12-inch storage chips per month. It is one of the national integrated circuit “13th Five-Year Plan” major productivity layout projects.

In 2019, the Group provided funds to Yangtze Storage Technologies Co., Ltd. in the form of sublease by holding storage production equipment as a leased asset to support the construction of a national storage base. The implementation of the project is of positive significance for the development of China’s independently controlled integrated circuit storage industry and the protection of national information security, and it also drives and leads the creation of a trillion-level industrial cluster of “chip, display, terminal and internet” in Wuhan City.



▲ National Storage Base Project



Implementing National Strategies, and Promoting Economic Prosperity

SUPPORTING THE GROWTH OF SMALL AND MICRO ENTERPRISES

“Supporting small and medium-sized enterprises and developing inclusive finance” is one of the important missions of the Group to fulfill our social responsibilities. We proactively responded to national policies, seized market opportunities, and established inclusive finance business department. With vehicle leasing and construction machinery leasing segments as support, the Group actively carried out digital transformation, strengthened capabilities of assets management and risk management of big data and leveraged the advantages of fund raising and asset raising in financial leasing, striving to solve the difficult, troubled and costly financing of medium, small and micro customers. We provided these customers with inclusive financial service solutions, fully studied the national tax and fee reduction policies, optimized tax models, and reduced the financing costs of medium, small and micro enterprises, thereby promoting the establishment of inclusive financial system, maintaining national financial stability, and strengthening the power engine for the development of real economy.

As at the end of 2019, there were a total of 46 partners in the construction machinery and vehicle leasing businesses, with a credit scale of RMB39.419 billion. A total of RMB72.633 billion was granted to 54,233 lessees, and more than 100,000 units/sets of equipment were leased.



Implementing National Strategies, and Promoting Economic Prosperity

Case: Supporting real economy and serving small and micro customers to help develop inclusive finance

Taking “supporting real economy, serving small and micro customers” as the initial motive and primary target, the Group effectively combined the advantages of development financing theory and financial leasing. Starting with construction machinery business and focusing on leading key manufacturers in the construction machinery industry, the Group has designed and developed manufacturer leasing and asset package leaseback models and took the initiative to develop the inclusive finance market mechanism, to provide finance services for private enterprises, medium, small and micro enterprises and natural person customers in a market-oriented manner.

As at the end of December 2019, the Group’s lease financing to lessees in the inclusive financial construction machinery leasing business amounted to over RMB67 billion, and the balance of related assets of medium, small and micro businesses reached RMB13.920 billion. It has supported more than 50,000 medium, small and micro enterprises and natural person customers in financing, with a cumulative non-performing loan ratio kept below 1%, producing tremendous economic and social benefits, playing a demonstration and leading role, and fulfilling the mission of “increasing national power and improving people’s livelihood”.



▲ Providing construction machinery leasing services for medium, small and micro enterprises



Implementing National Strategies, and Promoting Economic Prosperity

PROMOTING THE PROSPERITY OF REGIONAL ECONOMY

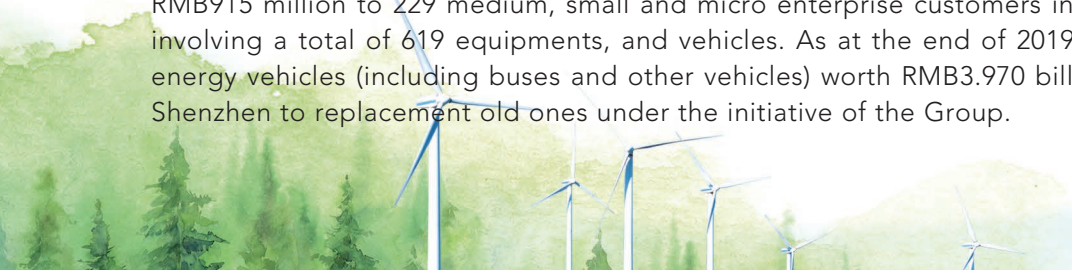
In terms of regional development, China has recently formed a new layout of regional coordinated development led by five major national strategies consisting of Beijing-Tianjin-Hebei coordinated development, development of the Yangtze River Economic Belt, construction of the Guangdong-Hong Kong-Macao Greater Bay Area, integrated development of the Yangtze River Delta, ecological protection and high-quality development of the Yellow River Basin. The development of economic zones requires substantial capital investment, long investment cycle and broad investment scope, and relying on the support of the capital market is the best way to promote the development of economic zones. The Group leverages our strength as a financial leasing company, strongly supported the construction of key regions, and actively cooperated with the government to promote the regional innovative transformation and upgrading to achieve rapid development of regional economies.

Lending support to the development of the Yangtze River Economic Belt, the Group has formulated and published the Instruction on Evaluation of Leasing Business Supporting the Yangtze River Protection and Green Development 《租賃業務支持長江大保護和綠色發展業務評審的指導意見》 which specifies business focus, optimizes evaluation mode, and establishes green approval channels. In 2019, we promoted our business to a number of bank branches and key customers in the Yangtze River Economic Belt, and provided RMB28.4 billion in lease financing to new lessees during the year, accounting for 30.46% of the Group's business in 2019.

In serving the civilized ecological construction and high-quality development in the Yellow River Basin, we actively remedied the shortcomings in the area of regional infrastructure, focusing on industries such as expressways, railways and ports. In 2019, the Group had our credit granting services fully covering 9 provinces and regions in the Yellow River Basin, and the total funds provided for the year exceeded RMB19 billion.

Since the "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" formally published by the Central Committee of the Communist Party of China and the State Council in February 2019, in order to implement the national strategic deployment and serve the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, the Group has drawn on our territorial advantages and cooperated with the sales end of our associated manufacturers to provide leasing services for construction equipment and vehicles for infrastructure projects such as the Hong Kong-Zhuhai-Macao Bridge, the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the Pearl River Delta east-west urban rail transit, and the Shinkansen Airport. Meanwhile, we teamed up with high-quality new energy vehicle manufacturers in the Greater Bay Area such as BYD and Shenzhen Skywell, to facilitate the replacement process of new energy buses and assist the building of a green transportation network in the Greater Bay Area.

In 2019, the Group continued to support the green and high-speed economic development of the Greater Bay Area, and provided equipment and vehicle leasing financing amounting to RMB915 million to 229 medium, small and micro enterprise customers in the Greater Bay Area, involving a total of 619 equipments, and vehicles. As at the end of 2019, a total of 27,752 new energy vehicles (including buses and other vehicles) worth RMB3.970 billion were introduced in Shenzhen to replacement old ones under the initiative of the Group.



Implementing National Strategies, and Promoting Economic Prosperity

Case: Collaboration to serve national major regional development strategies – Wuhan-Xianning Intercity Railway Fixed Assets Project in the Yangtze River Economic Belt

In 2019, the Group cooperated with Hubei Inter-city Railway Co., Ltd. on the Wuhan-Xianning Intercity Railway Fixed Assets Project. As an important support for promoting the supply-side structural reform in the transportation sector in Hubei Province, driving economic growth through infrastructure investment, and improving people's livelihood, the Wuhan-Xianning Railway played an important role in facilitating the construction of the Yangtze River Economic Belt and the development of an open economy in Hubei. The Group fully fulfilled our social responsibilities by providing financial support for the railway construction and development in Hubei Province in a way fitting with the characteristics of railway projects, namely long construction period, large capital demand and substantial public benefit, etc., which was of great significance to the improvement of the quality of the road network, the expansion of transportation capacity, and the forming of a highly efficient and high-quality public service.



▲ Wuhan-Xianning Railway Platform



Implementing National Strategies, and Promoting Economic Prosperity

Case: Collaboration to serve the state's major regional development strategies – Port of Rizhao Port Assets Project in the Yellow River Basin

Located in Rizhao City, Shandong Province of the PRC, Port of Rizhao ranks 8th in national port cargo throughput and is an integral part of the Shandong port industry. It plays a significant role in the west-east and north-south coal transportation in the Yellow River Basin, and is an important supporting point for material flow between the Yellow River Basin and the Yangtze River Basin. In 2019, we provided financial support to Rizhao Port Group Co., Ltd. (日照港集團有限公司) and its subsidiary Rizhao Port Co., Ltd. (日照港股份有限公司) by holding the port terminals, storage yard, loading and unloading equipment, discharging railways and other assets in Shijiu port area and Lanshan port area in Port of Rizhao as leased assets. The project serves Shandong Province's "strong maritime province" strategy, integrates and optimizes the coastal port resources of the Shandong Peninsula to build a world-class port region, thereby improving the modern marine industry system and facilitating the replacement of old growth drivers with new ones in Shandong Province. The project actively promotes the healthy and orderly development of the blue ocean economy in the Shandong Peninsula and the Bohai Bay Economic Rim.



▲ Port of Rizhao

DEVOTING TO GREEN DEVELOPMENT, AND CONSTRUCTING BALANCED ECOSYSTEM

The Group attaches great importance to the development of green finance, actively implements the national strategy of building a green financial system, continuously strengthens the sense of responsibility, innovates green financial products and services, actively promotes the business development of enterprises in the field of green environmental protection, promotes green office and low-carbon operation, and strives to promote balanced ecosystem and sustainable development.

SUPPORTING CLEAN ENERGY SUPPLY

China is a big energy consumer. Due to the rapid industrialization process and huge consumption demand, China's energy production and consumption have been growing rapidly, and the resulted environmental pollution problems have attracted more and more attention of the state and society. Over the past century, influenced by human activities and natural factors, the world has been experiencing climate change characterized by global warming, which has posed profound effects on human survival and development.

China's government has always attached great importance to addressing climate change. General Secretary Xi Jinping has repeatedly stressed that addressing climate change is not something others want us to do, but our own. It is the inherent need of China's sustainable development and the responsibility of promoting the construction of a community with a shared future for mankind. Optimizing energy structure, improving energy efficiency, adjusting industrial structure, researching and applying low-carbon technology, changing ideas and enhancing low-carbon consumption awareness are considered as important ways to cope with climate change worldwide. In recent years, China has continuously strengthened the support for the development of clean energy industry. Therefore, it is particularly important for the financial leasing industry to address the regulatory and market risks caused by energy transformation, actively respond to the challenges brought by climate change, and accurately seize the development opportunities brought about by green leasing business represented by clean energy.

In order to address risks, face challenges and embrace opportunities proactively, the Group provides financial support for the clean energy industry, and continue to ramp up investment in the field of clean energy. We leverage the comprehensive advantages of China Development Bank in the field of energy, deepen industry research and analysis, accelerate the construction of effective financing models and modes of cooperation, and continue to explore clean energy industry development through market-oriented leasing while centering on the strategic layout of the Group.



Devoting To Green Development, And Constructing Balanced Ecosystem

Case: Fengning Wind Farm Project

Wind power industry is an emerging green energy industry in the world. At present, governments all over the world encourage the development of wind power industry by offering industrial policy support. The Group actively supports the national policy on energy structure transformation, conducts in-depth studies on the trends of wind power and solar power industry, and provides financing support for a large number of construction projects. CDB Leasing provided financing support for the Dahexi Phase III 100MW wind farm project (大河西三期100MW風電場項目) in Fengning Manchu Autonomous County, Chengde City, Hebei Province. With a total investment size of about RMB725 million, we provided financing of RMB580 million for the project. After commencement of operation, compared with thermal power plants with the same power generation capacity, the wind farm can save 85,000 tonnes of standard coal every year, and reduce the emission of dust by about 800 tonnes, carbon dioxide by about 55,000 tonnes, sulfur dioxide by about 1,400 tonnes and nitrogen oxides by about 800 tonnes, which will play an effective role in the prevention and control of air pollution in Beijing-Tianjin-Hebei Region.



▲ Fengning Wind Farm

Devoting To Green Development, And Constructing Balanced Ecosystem

Case: Shanxi Jinneng Fangshan Photovoltaic Project

With the growth of population and the increase of per capita energy consumption, the total amount of human energy consumption has increased rapidly, which leads to the increasingly serious problem of environmental pollution. At the same time, people in remote areas of China still lack access to electricity. Therefore, the development of environmentally friendly photovoltaic power generation projects is of great significance for sustainable development, with the increasingly stringent environmental regulation and the increasingly popular environmental protection concept.

In order to promote green poverty alleviation, the Group promotes the development of photovoltaic industry projects in poverty-stricken areas as part of the effort to help the poor through special projects, and whenever possible, prioritize projects that benefit poor areas. Photovoltaic poverty alleviation is one of the methods to alleviate poverty with income from assets. For areas with abundant sunshine and land resources, aided by government and social capital investment and bank loans, it can effectively create stable income for poor households, especially those without labor capacity.

Lüliang, Shanxi, formerly a revolutionary base area, is the most impoverished area in the province. The Jinneng Fangshan Photovoltaic Project is located in the Luliang area. In order to overcome poverty and achieve prosperity in the area, the Group provided financing of RMB187 million to the project to support project construction. The project can benefit 1,270 local poor households each year, and each household can earn an additional RMB3,000 per year, totaling RMB3.81 million per year. As farmers are benefited by photovoltaic power generation, we are able to support targeted poverty alleviation while promoting the sustainable development of the society.



▲ Jinneng Fangshan Photovoltaic Power Station



Devoting To Green Development, And Constructing Balanced Ecosystem

PROMOTING THE DEVELOPMENT OF NEW ENERGY VEHICLE INDUSTRY

In recent years, China has introduced policies to encourage the development of new energy vehicles in order to reduce environmental pollution and protect the ecological environment. In order to thoroughly implement the decision and deployment of green travel action made at the 19th National Congress of the Communist Party of China and further improve the level of green travel, twelve departments and units including the Ministry of Transport jointly formulated The Green Travel Action Plan (2019-2022) 《綠色出行行動計劃(2019-2022年)》. The plan points out that in order to promote the large-scale application of green vehicles, the State will further strengthen the promotion and application of energy-saving and new energy vehicles by regarding the new and updated energy-saving and new energy vehicles as a breakthrough point.

In combination with policy guidance and market demand while adhering to the concept of sustainable development, the Group put huge efforts into the development of green leasing business such as urban new energy buses, and strove to expand green financial business related to people's livelihood by taking advantage of the expected expenditures on and capital needed for the purchase of new energy buses by state-owned bus companies. At the same time, the Group actively sought cooperation with new energy vehicle manufacturers to provide financing solutions for their sales of new energy vehicles, and jointly provide new energy vehicle leasing services for small and micro enterprises and natural persons at their sales terminals. The Group combined inclusive finance with green finance, and actively innovated business models to support the development of green finance industry.



Devoting To Green Development, And Constructing Balanced Ecosystem

Case: Serving people's livelihood and promoting green travelling

Throughout the process of operation, the Group keeps in mind that "lucid waters and lush mountains are invaluable assets", supporting the development of new energy vehicles as a strategic emerging industry by leasing.

We cooperated with domestic leading enterprises in the new energy vehicle industry, namely BYD, Nanjing Jinlong and CRRC Times. Leveraging the cooperation model of "leasing, customers and enterprises", we supported the upgrading of buses, accelerated the transformation efficiency of green finance, opened up the upstream and downstream financing channels in the new energy bus industry, and effectively mitigated the financial constraints in the public transport industry. The Group launched the new energy bus leasing business for the first time in 2015, providing support for promoting pure electric buses among the two major bus companies in Shenzhen and supporting green travelling for the public. Since then, we have explored customer needs and expanded business to various cities, striving to develop a replicable model. In 2019, we cooperated with the large city bus companies in Jining City, Shandong Province, to expand the new energy bus leasing business to major bus groups in the country.

As at the end of 2019, the Group provided financing support of RMB2.869 billion in total to major bus companies in China, and helped replace more than 4,300 new energy buses in total. According to the data posted on the official WeChat account of a large state-owned public transport group in Shenzhen, it is estimated that 4,300 new energy buses can reduce emission of carbon dioxide by up to 326,000 tonnes for a year, and reduce emission of carbon monoxide and carbon oxides by 4,456 tonnes for a year.

In light of the Group's innovative practice in the field of green leasing, we won the award of "Outstanding Case of Guangdong Green Financial Innovation in 2019" (2019 年度廣東綠色金融創新優秀案例). In the future, the Group will push forward with our energy conservation and emission reduction strategy and make contributions to the development of green economy.



▲ New energy vehicles



Devoting To Green Development, And Constructing Balanced Ecosystem

PROMOTING THE USE OF ENERGY-SAVING VESSELS

After years of development, China has formed an all-rounded shipbuilding industry system and a sophisticated shipbuilding industry chain. The development and growth of shipbuilding industry is of great significance for developing the shipping industry, accelerating marine development, supporting construction for national defense, encouraging the export of other industries, promoting continuous growth of the national economy and increasing labor employment.

The Group entered the vessel leasing business in 2008 as one of the first leasing companies in China to develop vessel leasing business. In 2019, we upheld the development concept of "innovation" and "green", and strove to maintain the balanced development between financial leasing and operating leasing. We insisted on placing orders with domestic first-class shipyards to support the transformation and upgrading of the domestic shipbuilding industry. We insisted on optimizing the composition of our fleet in terms of the hull forms and ages of vessels in order to improve the quality of vessel assets comprehensively. We insisted on holding energy-saving and environmentally friendly vessels which use advanced technology and have universal uses and can better preserve value as leased assets. In 2019, the Group delivered a total of 19 green vessels under leases, strictly followed the latest international conventions in terms of environmental and ecological protection, and was certified by ABS (American Bureau of Shipping), Nippon Kaiji Kyokai, Lloyd's Register and other relevant classification societies.

Case: 208000 DWT Newcastlemax Green Energy-saving Dry Bulk Carrier Operating Leasing Project

In 2019, the 208000 DWT Newcastlemax Green Energy-saving Dry Bulk Carrier Operating Leasing Project completed the delivery of 4 newly built vessels, which was the first four of the 10 newly built vessels ordered by the Group at Jiangsu Yangzijiang Shipbuilding Group Limited.

These vessels are designed by the Marine Design and Research Institute of China and built by Yangzijiang Shipbuilding Group. 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 can meet the requirement of phase II, i.e., it exceeds the existing international standard, and is in the lead in energy conservation and environmental protection in the 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.



▲ Delivery and signing ceremony for "CL Pearl River"



▲ 208000 DWT Newcastlemax Green Energy-Saving Dry Bulk Carrier

Devoting To Green Development, And Constructing Balanced Ecosystem

STRENGTHENING GREEN OFFICE MANAGEMENT

The Group strictly abides by the laws and regulations of the Energy Saving Law of the People's Republic of China 《中華人民共和國節約能源法》, the Environmental Protection Law of the People's Republic of China 《中華人民共和國環境保護法》, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes 《中華人民共和國固體廢物污染環境防治法》, Regulation on Urban Construction Waste Management 《城市建築垃圾管理規定》 and Measures for the Administration of Hazardous Wastes Manifest 《危險廢物轉移聯單管理辦法》, and actively puts energy conservation and emission reduction into practice in daily operations, striving to create an environment for green office. We have formulated the CDB Financial Leasing Co. Ltd.'s Management Rules on Vehicles 《國銀金融租賃股份有限公司用車管理辦法》 and other rules and regulations to reasonably control the use of energy and resources of the Group in terms of water management, electricity management, vehicle management, office management, waste management and others.

The emissions mainly involved in the operation of the Group are wastes produced from office operations. Energy consumption mainly includes the consumption of electricity and natural gas, as well as fuel consumption caused by company vehicles. In 2019, the Group did not find any matters that caused significant pollution and impact on the environment during our operation.

- Water management: We imposed a quota on drinking water, and organize to carry out mineral water empty bottle action. We called on employees to start as individuals and build a habit on saving water in daily work and life, such as turning off unused taps. We also installed sensor taps to save water in toilets.
- Electricity management: We strengthened patrol inspection on the use of electricity in office areas, public areas, conference rooms and machine rooms, and set the temperature of air conditioning in office buildings at a scientific and reasonable level. We required employees to turn off lights when leaving work. We also used energy-saving lamps and avoided office equipment for long hours of standby, etc.
- Vehicle management: We scheduled vehicle maintenance and used vehicles strictly in accordance with the CDB Financial Leasing Co. Ltd.'s Implementation Guidelines for Management of Drivers 《國銀金融租賃有限公司駕駛員管理實施細則》. Drivers shall start driving on time according to the approval forms for vehicle use or as arranged by their team leaders, and fill in the driving statements after driving. They shall indicate the fuel consumption and service condition of the vehicles on the statements, and monthly declare the total mileage and fuel consumption per mileage by vehicle.



Devoting To Green Development, And Constructing Balanced Ecosystem

- Office management: We promoted paperless office and set up black-and-white double-sided printing as defaults for printers to reduce the use of paper and printer cartridges. We implemented registration and quota management for the use of office supplies through different departments, and publicize the monthly use of items and expenditures. We standardized the management of document printing to minimize the number of documents printed. We adopted paperless meetings and promoted the use of paperless conference client-side.
- Waste management: Based on the principle of utilizing the used equipment, we reasonably extended the service period of office equipment and supplies such as computers, printers, monitors, toner cartridges, and ink cartridges. As to waste disposal, we designated third-party manufacturers with recycling qualifications for unified recycling.

In the future, we will continue to strengthen our management in order to mitigate the negative impact on the ecological environment, gradually improve the environmental awareness of employees, actively respond to the national low-carbon development policy, and strive to build a green office enterprise.



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

Employee development is the cornerstone of enterprise development. We insist on being people-oriented by broadening talent introduction channels, deepening the construction of salary system, building a high-quality training system, caring for the physical and psychological health of employees and ensuring the diversified development of the talent team, in order to turn the Group into "a platform for working and starting a business, a stage for self-realization" to grow together with our employees.

RECRUITMENT AND EMPLOYMENT

The Group strictly complies with the Labor Law of the People's Republic of China 《中華人民共和國勞動法》, the Contract Law of the People's Republic of China 《中華人民共和國合同法》, the Labor Contract Law of the People's Republic of China 《中華人民共和國勞動合同法》, the Social Insurance Law of the People's Republic of China 《中華人民共和國社會保險法》, Employment Promotion Law of the People's Republic of China 《中華人民共和國就業促進法》 and other laws and regulations, and has formulated the CDB Financial Leasing Co. Ltd.'s Management Rules on Staff Recruitment and Employment 《國銀金融租賃股份有限公司員工招聘錄用管理辦法》, CDB Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Campus Recruitment 《國銀金融租賃股份有限公司校園招聘實施細則》, CDB Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Social Recruitment 《國銀金融租賃股份有限公司社會招聘實施細則》 and other management measures. We uphold the principle of fair, just and open in our recruitment and do not impose any restrictive requirement on conditions such as gender, ethnicity, nationality, and region. As at the end of 2019, the Group had 354 employees in total, including 237 domestic employees and 117 employees in our overseas aviation subsidiaries.

The Group complies with the Provisions on Prohibition of Child Labor 《禁止使用童工規定》 issued by the State Council, and will review the identification documents of the personnel to be recruited as the stage of recruiting employees to ensure that there is no child labor or forced labor. The Group has not found any incident of child labor or forced labor so far.

The Group is committed to building a diversified team, rejecting all acts of discrimination on gender, age, ethnicity, disability, family, fertility status and other aspects, and creating a respectful and friendly working atmosphere for every employee. In 2019, the female employees of the Group accounted for 39.55%.



Safeguarding Employees' Rights And Interests, And Facilitating Employees' Personal Development

Indicator	Unit	Data for 2019
Number of male employees	Person	214
Number of female employees	Person	140
Number of employees with a master's degree or above	Person	197
Number of employees with a bachelor's degree	Person	135
Number of employees being junior college graduates or below	Person	22
Number of employees aged 35 or under	Person	160
Number of employees aged 35 to 55	Person	180
Number of employees aged 55 or above	Person	14

In 2019, the Group revised the CDB Financial Leasing Co. Ltd.'s Management Rules on Employees' Salary 《國銀金融租賃股份有限公司員工薪酬管理辦法》 and CDB Financial Leasing Co. Ltd.'s Management Rules on Deferred Salary Payment 《國銀金融租賃股份有限公司薪酬遞延支付管理辦法》 in accordance with the needs of salary management in new situation. We deepened the reform of the salary system, optimized the salary distribution mechanism and improved the performance evaluation incentive mechanism to further enhance the incentive effect of salary, and encourage employees to work with high quality and high efficiency.

In order to gather opinions of employees, the Group has set a publicity period in the selection of cadres and promotion of ranks, soliciting opinions from employees extensively, or adopting democratic evaluation methods for selection. In order to practice the mass line and gather the wisdom of employees, we launched the "Opinions and Suggestions" activity in 2019. A total of 31 opinions and suggestions with high quality and high feasibility were received and put into practice under supervision, which encouraged employees' participation and motivated employees.

In addition, our employee representatives can make proposals on the operation and management, administrative service, and welfare guarantees of the Group at all employee representative meetings, to participate in the operation and management of the Group. In 2019, the Group received a total of 63 employee proposals at four employee representative meetings. The Group's labor union handled all proposals and suggestions, achieving a handling rate of 100%.



Safeguarding Employees' Rights And Interests, And Facilitating Employees' Personal Development

TRAINING AND DEVELOPMENT

In 2019, the Group formulated CDB Financial Leasing Co. Ltd.'s Examination and Oral Examination Committee Terms of Reference (Trial) (《國銀金融租賃股份有限公司考試與答辯委員會工作規則(試行)》), and revised the CDB Financial Leasing Co. Ltd.'s Implementation Rules on Employee Training (《國銀金融租賃股份有限公司員工培訓實施細則》). According to the 2018-2022 National Cadre Education and Training Plan (《2018-2022年全國幹部教育培訓規劃》) issued by the Central Committee of the Communist Party of China and the Execution Plan of China Development Bank for the Implementation of the 2018-2022 National Cadre Education (《國家開發銀行關於貫徹落實〈2018-2022年全國幹部教育培訓規劃〉的實施方案》) and 2019 Highlights of Education and Training of China Development Bank (《國家開發銀行2019年教育培訓工作要點》) formulated by China Development Bank, and other policies and systems, and taking the actual development situation of the Group into consideration, we have studied and constructed a "12345" employee training system which focuses on "building a comprehensive and specialized talent team that learns politics, abides by rules, dares to take responsibility and takes action", makes use of two systems consisting of governance structure and training system, aims at three types of targets, namely Party members, middle and high-level management as well as base-level employees, establishes four platforms for providing opinions and suggestions, and launches five training plans focusing on Party building, taking up new tasks, taking on long-term project, job succession and team leading to ensure the fulfilment of the goal of talent training. In 2019, CDB Leasing organized a total of 249¹ training sessions, with an employee participation rate reaching 98.73% and an average training time per person of 180.46 hours.

In order to further improve the level of training through information technology and realize the training principle of "business as the guide, efficiency as the basis, and students as the pivot", the Group purchased and introduced intelligent learning equipment, realized online live training and intelligent communication learning, and fully developed the online classroom platform function. In 2019, CDB Leasing provided a total of 14,897.45 hours of online training, and the average online training time per person was 62.86 hours.

In order to build a reasonable promotion mechanism and set out the career development paths for employees, we have formulated the CDB Financial Leasing Co. Ltd.'s Management Rules on Positions and Levels (《國銀金融租賃股份有限公司職務職級管理辦法》), CDB Financial Leasing Co. Ltd.'s Management Rules on Selection and Appointment of Middle-level Personnel (《國銀金融租賃股份有限公司中層人員選拔任用管理辦法》) and CDB Financial Leasing Co. Ltd.'s Management Rules on Promotion of Employees Below Middle Level (《國銀金融租賃股份有限公司中層以下人員職級晉升管理辦法》) and other systems and measures to promote the Group's talent cultivation and echelon construction. We also set up various promotion channels for multiple lines such as management, business and operation, and regularly organized the selection of middle-level personnel and promotion of employees below middle level to build a reasonable, professional and efficient staff team.

¹ The 2019 training statistical data covered CDB Financial Leasing Co. Ltd. and does not include our affiliated companies.



Safeguarding Employees' Rights And Interests, And Facilitating Employees' Personal Development

Case: Customized leadership training programs for senior and middle management

In December 2018, the China Europe International Business School (CEIBS) launched the first module of the Pilot Program and ended the study of the ten modules of the year in December 2019. The project lasted for one year and a total of 17 days of training was provided. During the training, CEIBS invited ten top-class professors from business schools at home and abroad to provide insights for the Group's 35 senior and middle-level cadres on strategic thinking, macroeconomics, technological revolution in the era of digital economy, risk control of listed companies, high-performance teams, strategy implementation, strategic talent management, game theory, negotiation and B2B marketing. The participants carried out in-depth discussions and research on various topics by adopting the method of "case analysis + group discussion + theoretical learning".



▲ The scene of training session on team leading



Safeguarding Employees' Rights And Interests, And Facilitating Employees' Personal Development

HEALTH AND SAFETY

The health of employees is the foundation for the development of a team and a company. The Group complies with the relevant requirements of the Labor Law of the People's Republic of China 《中華人民共和國勞動法》, Fire Prevention Law of the People's Republic of China 《中華人民共和國消防法》, the Production Safety Law of the People's Republic of China 《中華人民共和國安全生產法》, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases 《中華人民共和國職業病防治法》, Regulations on Work-related Injury Insurances 《工傷保險條例》 and other national laws and regulations and provides employees with a safe and healthy office environment.

The Group provides free annual medical examinations for employees including active employees, retired employees, dispatched clerks and administrative staff to help employees understand their own health conditions and improve their health awareness.

Applying strict management on work safety, the Group conducts comprehensive investigation based on the list of potential safety hazards, supervises various safety measures for property management, and rectifies safety risk points in real time. In 2019, we successfully completed the precautionary safety measures for the glass curtain wall of the headquarters building and improved the safety factor of the working area. In addition, the Group regularly compiles and submits the CDB Financial Leasing Co. Ltd.'s Disaster Prevention and Mitigation Work Report 《國銀租賃防災減災工作報告》, actively promotes disaster prevention and mitigation in four aspects, namely publicity and education, emergency drills, risk management and rectification of hidden dangers, and comprehensively strengthens the awareness of disaster prevention and mitigation and risk prevention as well as self and mutual rescue ability of all employees.

Case: Fitness club organized weight "marathon"

On March 18, 2019, the employees who registered with the Group's fitness club measured their initial weight in the Company's gym, which set up three stages of fat reduction and muscle increase goals with every 3 months as one stage, encouraging employees to reduce fat or gain muscle by various fitness activities (including running, aerobics, yoga, boxing, anaerobic strength training, etc.). In every stage, the club measured everyone's "body fitness" and offered gifts to employees who meet their goals. The activity allowed employees to participate in fitness activities in a fun way, and enabled employees to interpret healthy life and healthy sports with a more relaxed attitude in an entertaining way.

WELL-BEING AND CARE

The Group implements a regular work hour system. In addition to national holidays, we also have annual leave, marital leave, maternity leave, paternity leave, sick leave, casual leave, compassionate leave, breastfeeding leave and other holidays. To protect the physical and mental health of pregnant female employees, the Group has also set up special maternity examination leave. The Group discourages employees from working overtime. If there is any work that requires to work overtime, we will pay overtime wages in accordance with the provisions of the Labor Law. Employees that work overtime on weekends may apply for leave in lieu.



Safeguarding Employees' Rights And Interests, And Facilitating Employees' Personal Development

In strict accordance with national regulations, the Group pays five social insurance funds and a housing fund, and purchases, among others, accidental injury, accidental medical and supplementary medical care and major diseases supplementary insurance for domestic employees. The Group also develops employee insurance plans and purchases endowment insurance and health insurance for employees of overseas subsidiaries. In terms of employee welfare, we take equal treatment, do not distinguish by job title, and pay benefits based on the same standards. For employees of overseas subsidiaries, the Group also provides them with rental housing, education support for children, subsidies for family visit and other benefits.

In order to let employees make better use of their leisure time and release their work pressure, the labor union of the Group has established a total of 12 clubs. In addition to organizing various cultural and sports activities in accordance with the activity plan, we also invite professional teachers to provide combat training, yoga, ballet, aerobics and other training courses to ensure the health and good working conditions of employees.

Case: Caring for female employees – “The Most Beautiful Nursery Room”

In order to let female employees go through comfortable maternity and breastfeeding periods without worry, the Group has given wide ranging assistance to various extent and psychological counseling for female employees. Taking the construction of nursery rooms that female employees care about as the starting point, we carried out the “Most Beautiful Nursery Room” examination and acceptance activity to promote the standardized construction of the nursery rooms run by labor unions for base-level staff, and effectively safeguard the special interests of female employees. After the nursery rooms were put into use, their utilization rate met expectation, offering convenience and care to every female employee during pregnancy and breastfeeding periods.



▲ A corner of a nursery room



Safeguarding Employees' Rights And Interests, And Facilitating Employees' Personal Development

Case: Organized in-service, demobilized and retired soldiers to participate in the Red Journey Activity on the Army Day

The Group attaches great importance to the holiday experience of retired military employees. On the August 1st Army Day in 2019, we arranged in-service, demobilized and retired soldiers to participate in the "Follow Your Original Intention and Remember Your Mission" Red Journey Activity on the Army Day in Guangzhou. Among them may include retired air force pilots, soldiers stationed in Hong Kong, or gun managers, who were deeply affected by the military life. Even after retirement, they still embrace the spirit of soldiers. The retired military employees who participated in this event recalled with excitement their former life in the troops and strengthened their responsibility and mission to the country, to the people, and to their work.



TAKING SOCIAL RESPONSIBILITY, AND PROMOTING COMMUNITY DEVELOPMENT

In compliance with the Charity Law of the People's Republic of China 《中華人民共和國慈善法》 and the Law of the People's Republic of China on Donations for Public Welfare 《中華人民共和國公益事業捐贈法》, the Group pays close attention to the needs of poverty-stricken areas and poor people, makes huge efforts to carry out poverty alleviation activities and actively helps poor people get out of poverty. In addition, we have further improved the building of a platform for public welfare activities, organized employees to actively participate in public welfare activities, fostered employees' awareness of public welfare, performed corporate social responsibility, and promoted the harmonious development of society. In 2019, the Group's accumulated charity donations for poverty alleviation reached RMB3 million.

RESPONDING TO NATIONAL POLICIES AND IMPLEMENTING POVERTY ALLEVIATION

In response to the national call as always, the Group carried out a series of activities focusing on poverty alleviation, organized employees to visit poverty-stricken areas, guided young employees to actively participate in poverty alleviation, worked on poverty alleviation in a practical manner, and helped people in need to get out of poverty.

Case: "Poverty Alleviation by Quinoa, Charity Sale with Love" activity

In 2019, the Group launched a charity sale with the theme of "Poverty Alleviation by Quinoa, Charity Sale with Love", and received a total of 176 donated items, raising a total of RMB10,730. We used all the proceeds from the charity sale to adopt quinoa in Zhangbei County, a state-level impoverished county in Hebei Province, to support the development of the local quinoa industry, and to help local poor farmers get out of poverty as soon as possible.



▲ The site of the charity sale

TAKING SOCIAL RESPONSIBILITY, AND PROMOTING COMMUNITY DEVELOPMENT

Case: Poverty alleviation visit to Jielong Village, Daozhen Gelao and Miao Autonomous County, Zunyi, Guizhou

On December 10, 2019, Mr. Peng Zhong, the vice chairman and president of the Group, went to Jielong Village, a deeply impoverished village in Daozhen Gelao and Miao Autonomous County, Zunyi, Guizhou, to pay a poverty alleviation visit, and donated RMB100,000 to Jielong Village for the safe drinking water construction project in order to solve the issue of safe drinking water for more than 300 families in the village. At present, the county has improved the basic conditions of the poverty-stricken areas in general and strengthened the determination of people of all ethnic groups to escape poverty and become well-off. The Group is concerned about the issue of safe drinking water in impoverished regions, and hopes to bring convenience and health to local residents upon completion of the safe drinking water project.



▲ Donation for the safe drinking water project in Jielong Village



TAKING SOCIAL RESPONSIBILITY, AND PROMOTING COMMUNITY DEVELOPMENT

Case: Poverty alleviation donation in Gansu Province

On December 25, 2019, Mr. Yu Bo, the Secretary of the Discipline Inspection Commission of the Group, and his party visited Fumin Wanquan Primary School in Xijing Town, Weiwu City, Gansu Province for a poverty alleviation donation activity. The Vice President of Gansu Branch of China Development Bank and the Secretary of Gulang County Committee also attended the activity. At the donation ceremony, Mr. Yu Bo spoke of CDB Leasing's effort in business development, serving the real economy, promoting public welfare, and fulfilling social responsibilities. On behalf of CDB Leasing, he donated laptops, printers, basketballs, pens, and thermal cups and other electronic equipment, sports equipment and daily necessities to Fumin Primary School to help the school run in a standardized manner in a short period of time.

In 2019, the Group donated poverty alleviation funds totaled RMB1.95 million in five poverty-stricken areas, including Dongxiang Autonomous County and Gulang County in Wuwei City, Gansu Province, to improve the sanitary environment of mountain villages, drinking water facilities for residents, and school teaching conditions. In particular, a total of RMB250,000 was donated to five schools in Gulang county to renovate their lighting facilities. As the saying goes, "provide education first, poverty alleviation will follow"; the Group is committed to providing students in poor areas with a good learning environment and helping poor areas and counties to improve their education environment.



▲ Poverty alleviation donation ceremony of Fumin Wanquan Primary School

TAKING SOCIAL RESPONSIBILITY, AND PROMOTING COMMUNITY DEVELOPMENT

Case: Computer donation and industry research activities in Zheng'an County

Zheng'an County is located in the northeast of Guizhou. It is the only deeply impoverished county in Zunyi City and the first deeply impoverished county in Guizhou Province about to go beyond the poverty line. From September 18 to 19, 2019, Mr. Gu Zhonghui, the vice president of the Group, led a team to visit Zheng'an Fifth Primary School to attend the laptop donation ceremony and conducted a field survey on the No. 5 shale gas drilling, guitar industrial park and other industrial bases in Zheng'an County to further understand the development of various industries in Zheng'an County and the entry point that the Group can take for poverty alleviation. To follow up, we will continue to increase assistance to the region through project development and various poverty alleviation activities, and make precise efforts to help the deeply impoverished county Zheng'an win the tough battle of poverty alleviation.



▲ Computer donation ceremony of Zheng'an Province Fifth Primary School



▲ Field survey of guitar industrial park



TAKING SOCIAL RESPONSIBILITY, AND PROMOTING COMMUNITY DEVELOPMENT

Case: Poverty alleviation donation for Panchangying Village, Zhangbei County, Zhangjiakou City, Hebei Province

On December 13, 2019, Mr. Gu Zhonghui, the vice president of the Group, represented the Group and the Beijing Branch of China Development Bank to visit Panchangying Village, Zhangbei County, Zhangjiakou City, Hebei Province for a poverty alleviation donation activity. Zhangbei County is a key county for national poverty alleviation and development work. It is one of the 10 most impoverished counties in Hebei Province and a poverty alleviation county designated by the General Office of the State Council and a partner county receiving support from Xicheng District, Beijing. At the meeting, Mr. Gu Zhonghui gave a brief on the Group's effort in promoting public welfare undertakings and fulfilling social responsibilities. On behalf of the Group, Mr. Gu donated RMB950,000 to Panchangying Village, which was designated to be used in the renovation and upgrading of old houses in the village, improving the living conditions of villagers and ensuring safe housing for the villagers. The Group has always been adhering to the historical mission of "strengthening national strength and improving people's livelihood", working hard to give back to the society, fulfilling our social responsibilities, and accelerating the promotion of the rural revitalization plan.



▲ Poverty alleviation donation ceremony of Zhangbei County

TAKING SOCIAL RESPONSIBILITY, AND PROMOTING COMMUNITY DEVELOPMENT

CARRYING OUT VOLUNTARY ACTIVITIES AND PRACTICING GREEN ENVIRONMENTAL PROTECTION

In 2019, the Group organized the “Follow the Examples of Lei Feng” youth volunteer themed activities, green environmental protection public welfare activities and “Colorful Classroom” activities to care for the children of migrant workers, etc. More and more employees actively participated in volunteer activities, worked hard to practice social responsibility and contributed to the harmonious development of society.

Case: Healthy walking and public welfare environmental protection hiking activity

On April 13, 2019, we invited employees to bring their family members as volunteers to Maluanshan Country Park, Pingshan New District, Shenzhen to participate in the “Magnificent Seventy Years, New Strides in a New Era” healthy walking and public welfare environmental protection hiking activities. During the activity, in addition to interacting and hiking with their family members, volunteers also picked up garbage along the route to clean the park. In this activity, employees not only interacted with their families in the outdoors, but also contributed their own efforts to greening and environmental protection, which fully reflected the green environmental protection concept, good spiritual outlook and enthusiasm for climbing the peak of our employees, and fully demonstrated the merits of the youth in the new era.



▲ Youth volunteers in the environmental protection public welfare activity



TAKING SOCIAL RESPONSIBILITY, AND PROMOTING COMMUNITY DEVELOPMENT

Case: Volunteer activity for caring the children of migrant workers of Huiwen School

Shenzhen Huiwen School is a Grade I private school with relatively poor teaching hardware facilities. Most of the students in the school come from migrant workers' families with poor economic conditions. Among them, more than 20 students' families have registered themselves as poor households in Guizhou, Yunnan and other places. Since the start of the support program for the children of migrant workers with Huiwen School in 2013, the Group has visited the school to carry out youth volunteer services for 7 consecutive years, successively donated and built the "Charity Library", "Charity Piano Room" and "Charity Computer Classroom", and carried out more than 10 volunteer service activities such as "Family Companionship" and "Colorful Classroom", which fully demonstrated the Group's sense of social responsibility as a listed company and demonstrated the mission of the youth.



▲ A volunteer explains financial knowledge to students



SPECIAL TOPIC – FIGHTING THE PANDEMIC, WE ARE IN ACTION

Since the outbreak of COVID-19 in January 2020, with thorough implementation of the decisions and arrangements made by the Party Central Committee and the State Council as well as the relevant requirements of regulatory authorities, and insisting on the prevention and control strategy of “guarding against imported cases and preventing a resurgence of the outbreak at home”, the Group has effectively implemented pandemic prevention and control measures in office to fully protect the health and safety of all employees. Meanwhile, the Group provided multi-channel financial service support for customers, so as to maintain steady development amid regular pandemic prevention and control. Focusing on national key areas, the Group closely followed the needs of the people’s livelihood to make up for the weak points, ensured the continuous and steady progress of business, and earnestly fulfilled social responsibilities with practical actions.

PROTECTING THE HEALTH AND SAFETY OF EMPLOYEES

The Group has formulated the Pandemic Prevention and Control Plan in Offices of CDB Leasing 《國銀租賃辦公場所疫情防控方案》 and the COVID-19 Joint Prevention and Control Program of CDB Leasing 《國銀租賃新冠肺炎疫情聯防聯控工作方案》, and established an pandemic prevention and control monitoring team in order to further improve the implementation of emergency and regular prevention and control measures and mechanisms, strengthen pandemic prevention and control in the office and business premises of the Group, deal with emergencies caused by the pandemic in a timely manner, do our best in pandemic prevention and emergency management, and ensure the health and safety of employees during the pandemic.

During the period of pandemic prevention and control, we conducted daily routine inspections on the implementation of pandemic prevention measures in various departments, and prepared the Daily Report on Pandemic Prevention and Control Monitoring Statistics 《疫情防控監控統計日報》. At the same time, we organized and carried out random special investigations led by the Secretary of the Commission for Discipline Inspection, timely recorded the results of inspection, and immediately urged for rectification of the problems found, so as to earnestly put the prevention and control measures into practice, and secure the Group to comprehensively implement the joint prevention and control measures and win the battle against the pandemic.



Special Topic – Fighting the Pandemic, We are in Action

Management Measures	Specific Requirements
Support for all staffs	- encourage employees to reduce shopping in supermarkets and shopping malls as much as possible, and provide necessary daily necessities purchasing services for all employees; - engage nucleic acid testing institutions to carry out on-site nucleic acid testing for all employees; - regularly hire barbers to provide door-to-door barber service to solve the problem of being hard to get a haircut during the pandemic; - implement a supplies guarantee mechanism during pandemic prevention and control, and actively procure pandemic prevention and control supplies; - provide at least 1 mask per day for each employee on duty; - donate masks and some pandemic prevention supplies to overseas subsidiaries.
Prevention for commuting	- wear masks on the way to and from work; - encourage to avoid taking public transport as much as possible, and provide company vehicles to pick up employees without cars to and from work; - reduce the number of business trips as much as possible, if there is a need to travel, it should be reported to the human resources department for record after approval.
Temperature measurement	- all personnel must wear masks and take temperature test consciously. They can enter the office building only when their body temperature is normal (not higher than 37.3°C); - all personnel working in the office building shall be provided with a thermometer to measure their body temperature at regular intervals, and abnormal body temperature shall be reported in time.
Regional prevention and control	- work permit is required to be worn while entering the office area, and visitors are strictly forbidden from entering the core office area during pandemic prevention and control; - wear masks during work and keep a distance of more than 1 meter between colleagues; - keep the office area clean and regularly open windows for ventilation; - carry out preventive disinfection, ensure fully coverage of disinfection area, increase the frequency of disinfection, and make relevant disinfection records; - carry out regular disinfection of air conditioning unit, filter screen, water supply and drainage system and other equipment rooms; - establish a registration management system for personnel in and out of business premises.



Special Topic – Fighting the Pandemic, We are in Action

Management Measures	Specific Requirements
Flexible office arrangements	- adopt conference forms such as teleconference and video conference wherever possible; - split the employees into different teams and work in shifts.
Emergency responses	- in case of fever, dry cough, shortness of breath, chest tightness and other abnormal conditions, the staff shall be timely arranged to the designated quarantine sites for temporary isolation, and then sent to the designated medical institutions for treatment; - in case of suspected or confirmed cases, timely report to the higher authorities and relevant institutions, and strictly disinfect the affected areas.



▲ Nucleic acid testing for employees



▲ Separating meal management in canteen

HELPING ENTERPRISES RESUMING WORK AND PRODUCTION

After a comprehensive investigation of the needs of enterprises guaranteeing pandemic prevention and control and production and living, the Group formulated the Suggestions on Leasing Support for Implementation of Pandemic Prevention and Control 《租賃支持疫情防控實施意見》, increased support for leasing business in key areas of pandemic prevention, and improved financial leasing support capacity. The Group also established a decision-making support mechanism and a service guarantee mechanism for leasing business during special period of anti-pandemic, and offered measures such as deferred rent payment, reduction and exemption of liquidated damages and adjustment of rent payment schemes for customers who delayed work resumption, trying our best to help the enterprises tide over the difficulties.



Special Topic – Fighting the Pandemic, We are in Action

Action	Specific Measures
Actively serve key customers and projects of pandemic prevention	- actively approach key customers in fields such as medical treatment, pandemic prevention supplies production and logistics; - support in terms of lease term setting, credit structure and preferential pricing.
Differential support for key customers in major pandemic-stricken areas	- included them in the first batch of initiative credit grants; - increase support for the inclusive leasing business related to pandemic prevention and control.
Open green channel for decision-making in leasing business	provide financial leasing service support efficiently.

In addition, to make the most positive role of financial leasing, the Group specially studied and formulated a series of measures so that medium, small and micro enterprise customers in various conditions can be served with tailored policies, and announced the Financial Support Plan for All-inclusive Clients during the COVID-19 Period 《關於在新冠疫情期內對普惠型客戶的金融支持方案》. The Group provided several measures to alleviate difficulties such as repayment extensions, preferential interest rates, reduction and exemption of liquidated damages, speedy approvals and rapid lending, so as to increase support for medium, small and micro enterprise customers in terms of leasing business. With active preparation for new grants of lease finance, the Group adopted multiple leasing methods to support the increased demand for leasing among medium, small and micro enterprise customers. At the same time, we took the initiative to implement preferential policies for deferred rent payment for medium, small and micro enterprise customers, reducing their liquidity risk and addressing their worries.

SUPPORTING AND CONTRIBUTING TO PANDEMIC-STRICKEN AREAS

On January 30, 2020, the Group donated RMB8 million to the Hubei Provincial Charity Federation to support the people of Hubei in the fight against the COVID-19. At the same time, we arranged for CDB Aviation Lease Finance DAC in Ireland to urgently look for anti-pandemic supplies. After receiving the instruction, CDB Aviation Lease Finance DAC completed the procurement and cross-border transportation of the first batch of supplies quickly, and requested airlines to expedite the transportation to ensure that the purchased high-level protective clothing and other anti-pandemic supplies urgently needed by domestic hospitals can be safely and quickly arrived in Hubei and other frontline areas. In addition, the Group's Party committee and Labor union organized all employees to make voluntary donations to the people in the pandemic-stricken area and contribute to the fight against the pandemic.



Special Topic – Fighting the Pandemic, We are in Action

In view of the spread of the pandemic around the world and the shortage of protective equipment in local hospitals in Ireland, the employees of CDB Aviation Lease Finance DAC proactively donated part of the masks they received to three nearby hospitals, bringing practical help to medical staff.



▲ CDB Aviation Lease Finance DAC in Ireland donates anti-pandemic supplies to China



▲ CDB Aviation Lease Finance DAC in Ireland enthusiastically donates to support Wuhan

We will continue to pay close attention to the development of COVID-19 at home and abroad. On the basis of ensuring a healthy and safe working environment for employees and the continuity of the business of the Group, we will continue to provide financial support for the real economy, especially medium, small and micro enterprises. During such a critical period, we will fulfill the social responsibilities that state-owned enterprises should fulfill, pool our strengths and overcome difficulties, and continue to create brilliance with our partners.



FUTURE PROSPECTS

2020 will be a challenging year. Facing the tremendous impact of COVID-19 on domestic and international economic and social environment, we will continue to pay close attention to the economic situation, improve and refine our risk management system to overcome our shortcomings and constantly enhance our ability to resist risks. Focusing on core businesses, we will spur innovation and industry transformation with the use of advanced technologies, and seize opportunities to enhance our core competitiveness and maintain steady development.

2020 is the last year of the “13th Five-Year Plan” and also the year of a decisive victory for building a moderately prosperous society in all respects. We will keep in lockstep with the overall situation of national development and construction, give full play to our own unique advantages, and focus on the national strategies on key areas including the Yangtze River Economic Belt, Guangdong-Hong Kong-Macao Greater Bay Area, and the “Belt and Road” to consolidate existing businesses, deepen innovation, and promote steady business growth. We will continue to enhance professional capabilities in aircraft, vessel and inclusive finance businesses, improve the cooperation with key customers, maintain the stable development of business in new energy and equipment manufacturing sectors, continue to develop infrastructure business in key fields such as water treatment, rail transit, port and port affairs and other key sectors, put green finance into practice, and serve the real economy. We will continue to improve our employee welfare guarantee system, pay attention to the cultivation of outstanding talents, encourage employees to innovate, and promote the growth and development of employees. We will continue to pay attention to the needs of the people’s livelihood, and accelerate business model innovation and digital upgrading, so as to provide a strong impetus for the Group to reduce operating costs, improve service quality and efficiency, and expand market and customer base. We will actively fulfill our responsibilities as a corporate citizen, combine business characteristics and financial leasing advantages, and extensively participate in infrastructure industries related to improving people’s living standards, in order to make contributions to building a moderately prosperous society in all respects.

The times are tempestuous but we remain passionate and energetic. We will continue to uphold the mission of “leading China’s leasing industry, serving the real economy”, continuously promote innovation and deepen reform from the perspective of sustainable development, create greater value for all stakeholders, and contribute to the sustainable development of both environment and society.



APPENDIX 1: ESG INDICATOR INDEX

Aspect	Description	Disclosure Chapters
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. Note: ① Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations. ② Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. ③ Hazardous wastes are those defined by national regulations.	Appendix 2 ESG Policy List
	A1.1 The types of emissions and respective emissions data.	Appendix 3 ESG Data List
	A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 3 ESG Data List
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 3 ESG Data List
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 3 ESG Data List
	A1.5 Description of measures to mitigate emissions and results achieved.	Strengthening Green Office Management
	A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Strengthening Green Office Management



Appendix 1: ESG Indicator Index

Aspect	Description	Disclosure Chapters
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Strengthening Green Office Management
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix 3 ESG Data List
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix 3 ESG Data List
	A2.3 Description of energy use efficiency initiatives and results achieved.	Strengthening Green Office Management
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Strengthening Green Office Management
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not Applicable
A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Devoting to Green Development, and Constructing Balanced Ecosystem
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Devoting to Green Development, and Constructing Balanced Ecosystem
B1 Employment	General Disclosure: Information on: (1) the policies; and (2) 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.	Appendix 2 ESG Policy List
	B1.1 Total workforce by gender, employment type, age group and geographical region.	Appendix 3 ESG Data List
	B1.2 Employee turnover rate by gender, age group and geographical region.	Appendix 3 ESG Data List



Appendix 1: ESG Indicator Index

Aspect	Description	Disclosure Chapters
B2 Health and Safety	General Disclosure Information on: (1) the policies; and (2) 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.	Appendix 2 ESG Policy List
	B2.1 Number and rate of work-related fatalities.	Appendix 3 ESG Data List
	B2.2 Lost days due to work injury.	Appendix 3 ESG Data List
	B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety
B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Training and Development
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix 3 ESG Data List
	B3.2 The average training hours completed per employee by gender and employee category.	Appendix 3 ESG Data List
B4 Labour Standards	General Disclosure Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Appendix 2 ESG Policy List
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	Recruitment and Employment
	B4.2 Description of steps taken to eliminate such practices when discovered.	Recruitment and Employment
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Responsible Supply Chain Practices
	B5.1 Number of suppliers by geographical region.	Appendix 3 ESG Data List
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Responsible Supply Chain Practices



Appendix 1: ESG Indicator Index

Aspect	Description	Disclosure Chapters
B6 Product Responsibility	General Disclosure Information on: (1) the policies; and (2) 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.	Appendix 2 ESG Policy List
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not Applicable
	B6.2 Number of products and service related complaints received and how they are dealt with.	Guaranteeing Service Quality Appendix 3 ESG Data List
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Protecting Intellectual Property Rights
	B6.4 Description of quality assurance process and recall procedures.	Not Applicable
	B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Safeguarding Information Security
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.	Appendix 2 ESG Policy List
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Appendix 3 List of ESG Data
	B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	In-depth Integrity Cultivation
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.	Taking Social Responsibility, and Promoting Community Development Implementing National Strategies, and Promoting Economic Prosperity
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Taking Social Responsibility, and Promoting Community Development Implementing National Strategies, and Promoting Economic Prosperity
	B8.2 Resources contributed (e.g. money or time) to the focus area.	Taking Social Responsibility, and Promoting Community Development Implementing National Strategies, and Promoting Economic Prosperity

APPENDIX 2: ESG POLICY LIST

Aspect	Laws and Regulations Abided by	Internal Rules and Systems of the Company
A1 Emissions	Environmental Protection Law of the People's Republic of China Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes Law of the People's Republic of China on Prevention and Control of Water Pollution Law of the People's Republic of China on Prevention and Control of Air Pollution Soil Pollution Prevention and Control Law of the People's Republic of China Regulation on Urban Construction Waste Management Directory of National Hazardous Wastes Measures for the Administration of Hazardous Wastes Manifest	CDB Financial Leasing Co. Ltd.'s Management Rules on Vehicles CDB Financial Leasing Co. Ltd.'s Implementation Guidelines for Management of Drivers
A2 Use of resources	Energy Saving Law of the People's Republic of China Design Standard for Energy Efficiency of Public Buildings	CDB Financial Leasing Co. Ltd.'s Management Rules on Company Items Warehousing CDB Financial Leasing Co. Ltd.'s Management Rules on Printing & Copying CDB Financial Leasing Co. Ltd.'s Management Rules on Vehicles CDB Financial Leasing Co. Ltd.'s Implementation Guidelines for Management of Drivers
A3 The Environment and Natural Resources	Environmental Protection Law of the People's Republic of China Law of the People's Republic of China on Environmental Impact Assessment	Not available for the time being



Appendix 2: ESG Policy List

Aspect	Laws and Regulations Abided by	Internal Rules and Systems of the Company
B1 Employment	Labor Law of the People's Republic of China Labor Contract Law of the People's Republic of China Interim Provisions on Labor Dispatch Employment Promotion Law of the People's Republic of China Social Insurance Law of the People's Republic of China Prohibition of Child Labors Minors Protection Law of the People's Republic of China Contract Law of the People's Republic of China Ordinance on Paid Leaves of Staff Ordinance on Salary Payment of Guangdong Province Ordinance on Staff Salary Payment of Shenzhen City	CDB Financial Leasing Co. Ltd.'s Management Rules on Staff and Labor Relations CDB Financial Leasing Co. Ltd.'s Management Rules on Positions and Levels CDB Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Campus Recruitment CDB Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Social Recruitment CDB Financial Leasing Co. Ltd.'s Management Rules on Employee Attendance and Vacation CDB Financial Leasing Co. Ltd.'s Rules on Performance Management (Trial) CDB Financial Leasing Co. Ltd.'s Evaluation Measures for Senior Management CDB Financial Leasing Co. Ltd.'s Management Rules on Employees' Salary CDB Financial Leasing Co. Ltd.'s Management Rules on Deferred Salary Payment CDB Financial Leasing Co. Ltd.'s Management Rules on Use of Retained Bonus Pool (Trial) 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 Resignation and Dismissal (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 CDB Financial Leasing Co. Ltd.'s Code of Conduct of Staff CDB Financial Leasing Co. Ltd.'s Management Rules on Selection and Appointment of Middle-level Personnel CDB Financial Leasing Co. Ltd.'s Management Rules on Promotion of Employees Below Middle level Labor Union's Detailed Rules on the Implementation of Management of Visit 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

Aspect	Laws and Regulations Abided by	Internal Rules and Systems of the Company
B2 Health and Safety	Labor Law of the People's Republic of China Fire Prevention Law of the People's Republic of China Production Safety Law of the People's Republic of China Law of the People's Republic of China on Prevention and Control of Occupational Diseases Regulation on Work-related Injury Insurances Regulation on Supervision and Administration of Occupational Health in Working Places Ordinance on Reporting, Investigation and Handling of Production Safety Accidents	CDB Financial Leasing Co. Ltd.'s Management Rules on Employee Attendance and Vacation CDB Aviation Lease Finance DAC's Hong Kong Employee Manual
B3 Development and Training	Labor Law of the People's Republic of China Labor Contract Law of the People's Republic of China Social Security Law of the People's Republic of China	CDB Financial Leasing Co. Ltd.'s Rules on Employee Training Management CDB Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Management of Internal Lecturers and New Employees' Tutors (Trial) CDB Financial Leasing Co. Ltd.'s Implementation Rules on Employee Training CDB Financial Leasing Co. Ltd.'s Examination and Oral Examination Committee Terms of Reference (Trial)
B4 Labor Standards	Provisions on Prohibition of Child Labor Labor Law of the People's Republic of China Provisions of the State Council on Working Hours of Employees	CDB Financial Leasing Co. Ltd.'s Management Rules on Staff and Labor Relations CDB Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Campus Recruitment CDB Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Social Recruitment CDB Aviation Lease Finance DAC's Hong Kong Employee Manual
B5 Supply Chain Management	Law of the People's Republic of China on Tenders and Bids Regulation on the Implementation of the Bidding Law of the People's Republic of China	CDB Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Centralized Purchasing CDB Financial Leasing Co. Ltd.'s Management Rules on Purchasing (Trial) CDB Aviation Lease Finance DAC's Procurement System Operating Procedures for the Use of Bidding Agency Platform for Centralized Purchasing



Appendix 2: ESG Policy List

Aspect	Laws and Regulations Abided by	Internal Rules and Systems of the Company
B6 Product Responsibility	Tort Law of the People's Republic of China Trademark Law of the People's Republic of China Advertising Law of the People's Republic of China Patent Law of the People's Republic of China Copyright Law of the People's Republic of China Anti-unfair Competition Law of the People's Republic of China Law of the People's Republic of China on Protection of Consumer Rights and Interests Cybersecurity Law of the People's Republic of China Decision of the Standing Committee of the National People's Congress on Preserving Computer Network Security	CDB Financial Leasing Co. Ltd.'s Leasing Business Industry Guide CDB Financial Leasing Co. Ltd.'s Client Complaint Handling Measures CDB Financial Leasing Co. Ltd.'s Management Rules on the Work of Intellectual Property Protection CDB Financial Leasing Co. Ltd.'s Management Rules on Business Secrets 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 Regulation on Management of Establishment of Information System (Trial) CDB Financial Leasing Co. Ltd.'s Management Rules on Machine Room Safety CDB Financial Leasing Co. Ltd.'s Management Rules on Employee Information Security CDB Financial Leasing Co. Ltd.'s Detailed Rules on the Implementation of Information Technology Emergency CDB Financial Leasing Co. Ltd.'s Management Rules on IT System Data Quality (Trial) CDB Financial Leasing Co. Ltd.'s Management Rules on Confidential Documents CDB Financial Leasing Co. Ltd.'s Management Rules on Outsourcing Staff Confidentiality



Appendix 2: ESG Policy List

Aspect	Laws and Regulations Abided by	Internal Rules and Systems of the Company
B7 Anti-corruption	Criminal Law of the People's Republic of China Company Law of the People's Republic of China Anti-money Laundering Law of the People's Republic of China Anti-monopoly Law of the People's Republic of China Anti-unfair Competition Law of the People's Republic of China Interim Provisions on Prohibiting Commercial Bribery	CDB Financial Leasing Co. Ltd.'s Management Rules on Emergency Response to Major Risk Events CDB Financial Leasing Co. Ltd.'s Anti-Fraud Management Rules CDB Financial Leasing Co. Ltd.'s Management Rules on Anti-money Laundering Information CDB Financial Leasing Co. Ltd.'s Management Rules on Anti-money Laundering and Sanctions Compliance CDB Financial Leasing Co. Ltd.'s Management Rules on Customer Identification CDB Financial Leasing Co. Ltd.'s Management Rules on Classification of Risks Customer Money Laundering and Terrorist Financing CDB Financial Leasing Co. Ltd.'s Management Rules on Suspicious Transaction Reporting CDB Financial Leasing Co. Ltd.'s Management Rules on Investigation of Employees' behaviors CDB Financial Leasing Co. Ltd.'s Management Rules on Case-preventing Work 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 the People's Republic of China Law of the People's Republic of China on Donations for Public Welfare	Not available for the time being



APPENDIX 3: ESG DATA LIST

Environmental Scope

Unless otherwise stated, the statistical basis of environmental performance of the Group covered the headquarters, Beijing office and Shanghai office of CDB Financial Leasing Co. Ltd., whereas the rest will be included as and when appropriate in the future. The statistical basis of environmental performance listed below covered the period from 1 January 2019 to 31 December 2019.

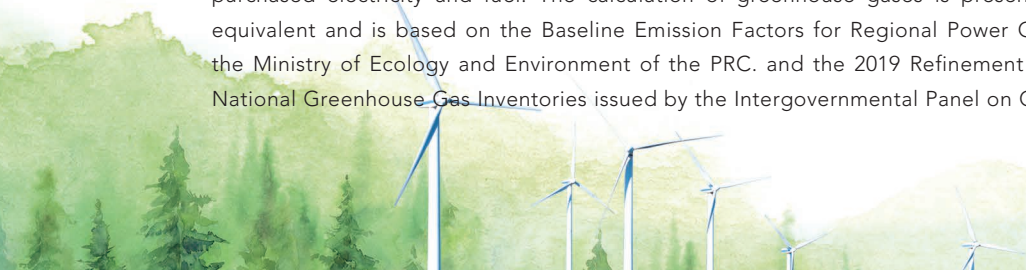
	Indicator	Unit	Data for 2019
A1 Emissions²	Sulfur dioxide ³	Tonne	0.0004
	Nitrogen oxides ⁴	Tonne	0.0030
	Total GHG emissions (Scope 1 and Scope 2) ⁵	Tonne	3,688.33
	GHG emissions per m ² of floor area (Scope 1 and Scope 2)	Tonne/m ²	0.13
	GHG Direct emission (Scope 1)		
	Vehicle fuel consumption	Tonne	54.45
	Natural gas	Tonne	55.18
	GHG Indirect emission (Scope 2)		
	Purchased electricity	Tonne	3,578.69
	Total amount of hazardous waste ⁶	Tonne	0.13
	Total hazardous waste per m ² of floor area	Tonne/m ²	0.000005
	Total non-hazardous waste ⁷	Tonne	525.00
	Total non-hazardous waste per m ² of floor area	Tonne/m ²	0.02

² As the emission data and consumption data of energy and resources in the machine room could not be measured separately, the Company's greenhouse gas emission intensity, hazardous waste emission intensity, non-hazardous waste emission intensity, energy consumption intensity and daily workplace water consumption intensity calculated per capita and per square meter of GFA include both office areas and machine rooms.

³ Sulphur dioxide emissions mainly come from vehicle fuel consumption, and the data on sulphur dioxide emissions was calculated according to the Technical Guide for Air Pollutant Emission Inventory for Road Vehicles (Trial) published by the Ministry of Environmental Protection of the PRC.

⁴ Nitrogen oxides emissions mainly come from vehicle fuel consumption, and the data on nitrogen oxide emissions was calculated according to the Technical Guide for Air Pollutant Emission Inventory for Road Vehicles (Trial) published by the Ministry of Environmental Protection of the PRC.

⁵ Greenhouse gas inventories include carbon dioxide, methane and nitrous oxide, which mainly come from purchased electricity and fuel. The calculation of greenhouse gases is presented in terms of Carbon dioxide equivalent and is based on the Baseline Emission Factors for Regional Power Grids in China 2017 published by the Ministry of Ecology and Environment of the PRC. and the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories issued by the Intergovernmental Panel on Climate Change (IPCC).



APPENDIX 3: ESG DATA LIST

	Indicator	Unit	Data for 2019
A2 Use of resources⁸	Total energy consumption ⁹	MWh	7,100.45
	Energy consumption per m ² of floor area	MWh/m ²	0.25
	Direct energy consumption		
	Vehicle fuel consumption	MWh	222.44
	Natural gas	MWh	282.22
	Indirect energy consumption		
	Purchased electricity	MWh	6,595.79
	Daily workplace water consumption ¹⁰	Tonne	33,610.00
	Daily water consumption per m ² of floor area	Tonne/m ²	1.21
	Total paper consumption ¹¹	Tonne	7.83

⁶ The hazardous wastes generated from the Company's operation were disposed of by qualified professional companies. The major types of them were waste lead-acid batteries, waste fluorescent lamps and waste ink cartridges, waste toner cartridges, waste toner and waste ribbons incurred by the printing equipment, etc.

⁷ The Non-hazardous wastes of the Company were disposed of by recycling companies. The major types of them included office waste and kitchen waste.

⁸ Packaging data does not apply to the Company.

⁹ Energy consumption data, mainly including electricity, natural gas and vehicle fuel consumption, is calculated according to the electricity and fuel consumption and relevant conversion factors provided under the General Principles for Calculation of Comprehensive Energy Consumption (GB/T 2589-2008), a national standard of the PRC.

¹⁰ Daily workplace water consumption includes tap water and reclaimed water.

¹¹ Paper includes A4 and A3 copying paper.



APPENDIX 3: ESG DATA LIST

Social Scope

Unless otherwise stated, the statistical basis of social scope of the Group covered CDB Financial Leasing Co. Ltd. and our affiliated companies.

	Indicator	Unit	Data for 2019
B1 Employment	Total number of employees	Person	354
	Number of male employees	Person	214
	Number of female employees	Person	140
	Number of senior management	Person	11
	Number of intermediate management	Person	71
	Number of grassroots employees	Person	272
	Number of employees with master's degree or above	Person	197
	Number of employees with Bachelor's degree	Person	135
	Number of employees who are junior college graduate or below	Person	22
	Number of employees aged 35 or under	Person	160
	Number of employees aged 35-55	Person	180
	Number of employees aged 55 or above	Person	14
	Number of domestic employees	Person	237
	Number of overseas employees	Person	117
	Number of labor contract employees	Person	354
	Number of labor dispatch employees	Person	0
	Overall turnover rate of employees	%	8.5
	Turnover rate of male employees	%	7.5
	Turnover rate of female employees	%	10
	Turnover rate of employees aged 35 or below	%	8.8
	Turnover rate of employees aged 35-55	%	7.8
	Turnover rate of employees aged 55 or above	%	14.3
	Turnover rate of domestic employees	%	5.9
	Turnover rate of overseas employees	%	13.7



APPENDIX 3: ESG DATA LIST

	Indicator	Unit	Data for 2019
B2 Health and safety	Number of work-related fatalities	Person	0
	Rate of work-related fatalities	%	0
	Lost working days due to work injury	Day	26
B3 Development and Training¹²	Number of training	Incidence	249
	Total number of employees trained	Person	234
	Percentage of male employees trained	%	98.01
	Percentage of female employees trained	%	100
	Percentage of senior management trained	%	81.82
	Percentage of intermediate management trained	%	100
	Percentage of grassroots employees trained	%	99.38
	Average training hours of employees	Hour/person	180.46
	Average training hours of male employees	Hour/person	182.23
	Average training hours of female employees	Hour/person	177.37
	Average training hours of senior management	Hour/person	198.91
	Average training hours of intermediate management	Hour/person	212.92
	Average training hours of grassroots employees	Hour/person	165.81
	Total number of complaints	Incidence	3
	Number of initiated and concluded legal cases regarding corrupt practices	Case	0
	Number of anti-corruption trainings provided to employees	Incidence	8

¹² The statistical basis for this level covered CDB Financial Leasing Co. Ltd. and does not include its affiliated company.



APPENDIX 4: FEEDBACK

Distinguished readers:

Thank you for reading our 2019 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 our sustainable development are welcome and can be addressed to ir@cdb-leasing.com

Feedback form for the 2019 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)

Do you think the Report highlights the important information of the Company in respect of the environment, society and governance?

☐ Very good ☐ Good ☐ Acceptable ☐ Bad ☐ Very bad

Do you think the information and indicators disclosed in the Report are clear, accurate and complete?

☐ Very good ☐ Good ☐ Acceptable ☐ Bad ☐ Very bad

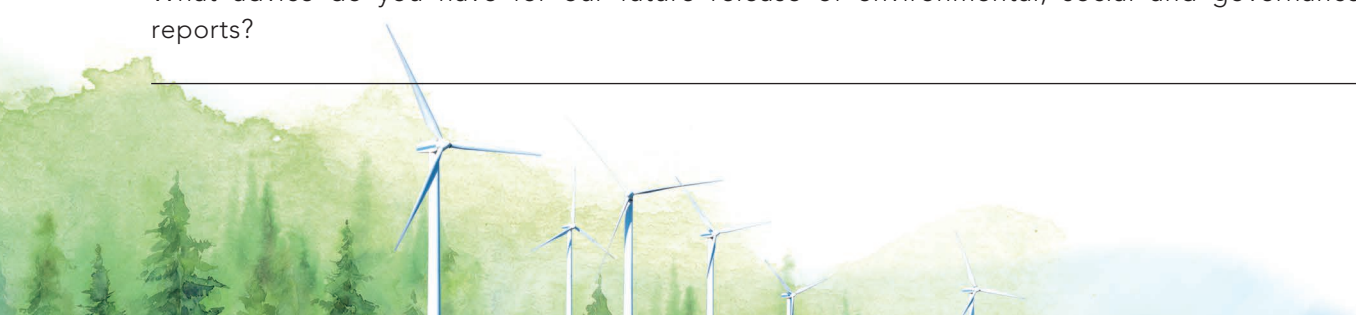
Do you think the content arrangement and style design of the Report are reader-friendly?

☐ Very good ☐ Good ☐ Acceptable ☐ Bad ☐ Very bad

Which part are you most interested in?

What other information that you need to know about is not reflected in the Report?

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





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