



Shanghai Dongzheng Automotive Finance Co., Ltd.*

上海東正汽車金融股份有限公司

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

stock code : 2718

2021 Environmental, Social and Governance Report



*For identification purposes only

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OVERVIEW

Shanghai Dongzheng Automotive Finance Co., Ltd. (“Dongzheng AFC”, the “Company” or “we”) is pleased to publish this 2021 Environmental, Social and Governance (“ESG”) Report (the “Report”), which discloses information relating to environmental protection, social responsibility, corporate governance and sustainability of the Company. As Dongzheng AFC is an automobile finance company licensed and regulated by the China Banking and Insurance Regulatory Commission (the “CBIRC”), we specialize in providing automotive finance products and services for the purchase of luxury-brand cars in the People’s Republic of China (the “PRC”).

ABOUT THIS REPORT

This Report has been prepared in strict compliance with the requirement under Appendix 27 — Environmental, Social and Governance Reporting Guide (the “ESG Guide”) of Rules Governing the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited. It includes the Company’s core business of automotive finance products and services with coverage including the Company’s operating locations and offices in Shanghai, the PRC, for the period from 1 January 2021 to 31 December 2021 (the “Reporting Period”). Key Performance Indicators (“KPIs”) that need to be revealed compulsorily as required by the ESG Guide were all disclosed in the “Environmental Sustainability” and “Social Sustainability” sections. Alongside with the reporting principles of the ESG Guide, this Report also discloses the related laws and regulations that have been complied with. Both English and Chinese versions of this Report are available on the Company’s website at www.dongzhengafc.com and the HKEx news website www.hkexnews.hk. Detailed corporate governance practices of the Company can be found in the Company’s 2021 Annual Report on pages 34 to 42 therein.

STAKEHOLDERS’ ENGAGEMENT

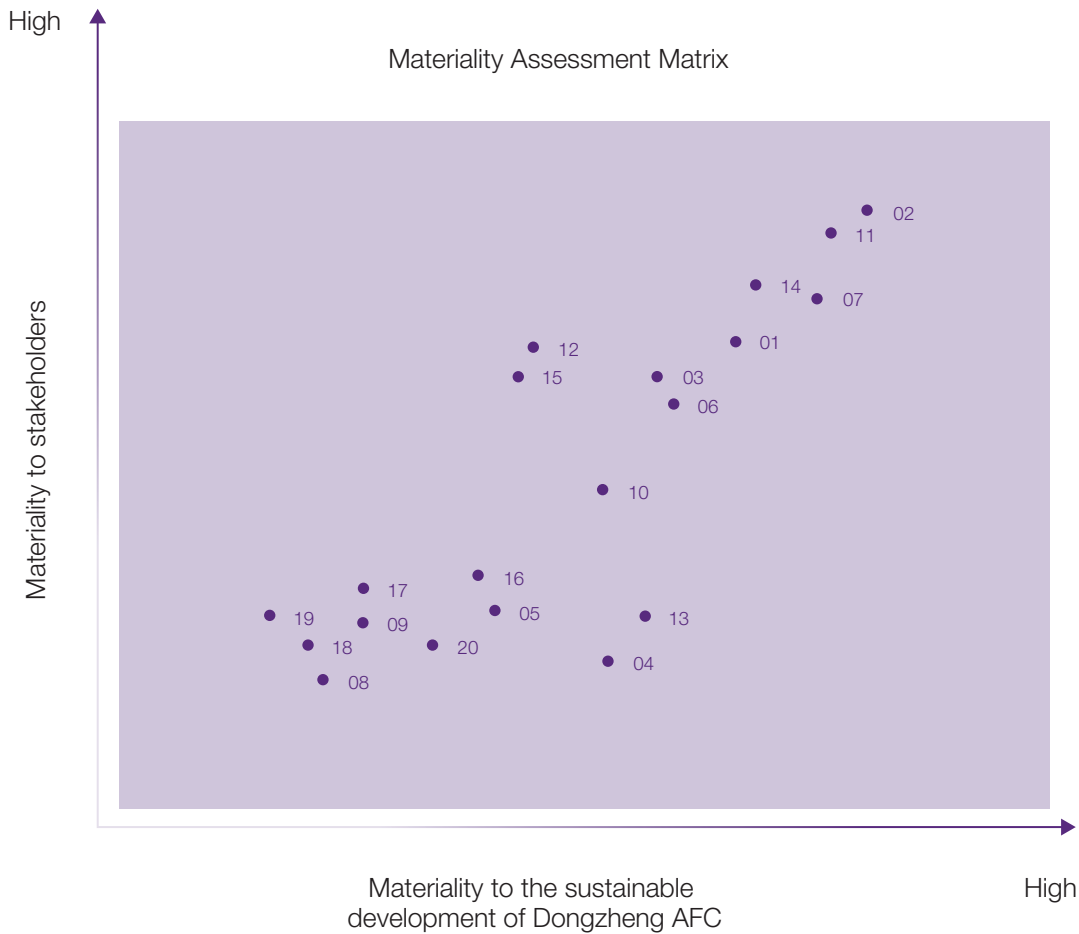
Stakeholders refer to the groups and individuals materially influencing or being influenced by the Company’s business. The Company’s stakeholders include government, regulatory authorities, shareholders, investors, directors, employees, customers, suppliers and the general public. We strongly believe that establishing effective communication channels with stakeholders facilitates the Company better understand the sustainability topics which are material to them. It allows us to respond appropriately and effectively and to prepare this Report based on the topics that are important to them. During the Reporting Period, our communication activities with stakeholders include:

Stakeholders	Communication Activities
Government	<ul style="list-style-type: none"> ✓ Policy documents and guidelines ✓ Meetings ✓ Information reporting ✓ Specific topic reports
Regulatory Authorities	<ul style="list-style-type: none"> ✓ Regulatory policies ✓ Inspections and supervisions ✓ Work reports
Shareholders and Investors	<ul style="list-style-type: none"> ✓ Annual General Meeting ✓ Compliance information disclosures ✓ Corporate website
Directors	<ul style="list-style-type: none"> ✓ Board meetings
Employees	<ul style="list-style-type: none"> ✓ Meetings with employee representatives ✓ Employee satisfaction surveys ✓ Trainings ✓ Visits and interviews
Customers	<ul style="list-style-type: none"> ✓ Marketing activities ✓ Customer service hotlines and e-mails ✓ Surveys ✓ Digital platforms such as WeChat applet, APP
Suppliers	<ul style="list-style-type: none"> ✓ Supplier meetings ✓ Contract negotiations ✓ Tendering and bidding activities
General Public	<ul style="list-style-type: none"> ✓ Communications with society and charity activities ✓ Corporate website

The Company welcomes stakeholders' opinions and feedback, especially on our sustainability approach and performance. Readers are welcomed to share their views with us at ir@dongzhengafc.com.

MATERIALITY ASSESSMENT

Sustainability risks for each company are unique due to differences in specific business model. In 2020, the Company conducted a sustainability materiality assessment to identify the key sustainability topics which are relevant to stakeholders. The Company invited various stakeholders to participate in a survey prepared by an independent sustainability consultant. Stakeholders are required to rank the most important concerns on a list of sustainability topics related to the Company’s business, which formulated the materiality assessment matrix below:



1 Employee career development	6 Persistence in anti-corruption campaigns	11 Improving corporate governance	16 Optimising credit structures
2 Protecting employees' rights and interests	7 Safeguarding compliance operation	12 Improving information disclosure	17 Improving employee incentives
3 Development of internet finance	8 Green operation practices	13 Improving fair procurement	18 Promoting caring culture
4 Innovating financial products and services	9 Supporting social welfare	14 Financial risk prevention and control	19 Assistance to the underprivileged
5 Promoting financial knowledge to the public	10 Improving services quality	15 Protection of consumers' rights and interests	20 Enhancing energy conservation and emission reduction

According to the outcome of the materiality assessment matrix, stakeholders identified five ESG topics that were the most significant out of the 20 sustainability topics related to the Company:

1. Employee career development
2. Protecting employees' rights and interest
7. Safeguarding compliance operation
11. Improving corporate governance
14. Financial risk prevention and control

The scientific materiality assessment could assist the Company to prioritize its ESG topics, and to develop and manage effective ESG strategies and actions.

BOARD PARTICIPATION AND BOARD STATEMENT

The board of directors of Dongzheng AFC (the "Board") is the highest governing body responsible for overseeing the Company's sustainability strategy. The Board regularly integrates the Company's sustainability goals into business, identifies and manages our sustainability risks, and provides improvement recommendations. In 2021, we established an environmental, social and governance committee (the "ESG Committee") under the Board and formulated the "ESG Policy". The ESG Committee assists the Board in executing sustainability policies and reports to the Board on a regular basis. The ESG Committee is chaired by the chairman of the Board and comprised of the president of the Company, the department heads of the Office of the Board, the Marketing Department, the Finance Department and the Human Resources and Administration Department. The scope of work of the ESG Committee includes:

- ✓ Develop sustainability management policies and strategies, include assessing, prioritizing and managing key sustainability topics
- ✓ Organize and promote various departments to implement sustainability policies
- ✓ Review the progress against relevant sustainability goals
- ✓ Assist the Board to prepare ESG Report in accordance with the ESG Guide

The Company has also engaged an independent sustainability consultant to facilitate our sustainability data collection and analysis, as well as to provide advice on our future work on sustainability.

The Board of the Dongzheng AFC takes overall responsibility for ESG matters and their integration into the Company's strategies. The Board guides the management and monitoring of ESG topics that have been identified as relevant to the Company. To ensure effective implementation of the Company's ESG initiatives, the Board requires the ESG Committee to provide ESG updates regularly. The Board will review the list of material issues and risks provided by the ESG Committee, and ensure appropriate risk mitigation measures are in place. All sustainability disclosures, policies, goals and targets of the Company are reviewed and endorsed by the Board. The Board confirms that it has reviewed this Report and takes final responsibility. If you have any questions about the content of this Report, please feel free to give us feedback and the Board will ensure that relevant issues are properly addressed.

A. ENVIRONMENTAL SUSTAINABILITY

This section primarily discloses the Company's policies and KPIs on emissions, use of resources, and the environment and natural resources for the Reporting Period.

A.1 Emissions

Dongzheng AFC regards environmental protection as an important responsibility and strictly adheres to relevant laws including "Law of the PRC on the Prevention and Control of Atmospheric Pollution", "Environmental Protection Law of the PRC", "Energy Conservation Law of the PRC", "Water Law of the PRC" etc. The Company's core automobile finance products and services business is an asset-light and non-industrial business, which does not emit pollutants and generate hazardous wastes directly, and has immaterial impact on the environment. Thus Scope 1 greenhouse gas ("GHG") direct emissions stated in the ESG Guide is not applicable to Company. Our GHG emissions are mainly from Scope 2 (Indirect Emissions) and Scope 3 (Other Indirect Emissions), majority of which are electricity and paper usages in daily office operations. To mitigate GHG emissions, the Company adopts a number of energy-saving and reducing consumption measures. Detailed measures are described in "A.2. Use of Resources" of this Report.

During the Reporting Period, the total GHG emissions for the Company was 157.2 tonnes CO₂e.

Table 1: Various GHG Emissions in 2021

KPIs	Unit	Amount	Intensity* (Unit/RMB million Operating Income)
Scope 1 (Direct GHG Emissions)	Tonnes CO ₂ e	N/A	N/A
Scope 2 (Indirect GHG Emissions)	Tonnes CO ₂ e	145.7	0.46
Scope 3 (Other Indirect GHG Emissions)	Tonnes CO ₂ e	11.5	0.04
Total	Tonnes CO₂e	157.2	0.50

Note:* Intensity was calculated by dividing the Company's RMB316.12 million operating income in 2021.

The Company's operations do not generate significant hazardous waste. Our other solid waste is mainly from solid commercial waste in daily office operations which include plastic, paper and domestic garbage. The Company implements waste classification and collection. For the wastes generated in daily office operations, we primary focus on recycling paper, plastic, wood, metal etc., and converting them into usable resources. Meanwhile, we also reduce waste from the source by encouraging our staff to reuse old office equipment and reduce disposables.

Table 2: Non-Hazardous Waste in 2021

KPIs	Category	Unit	Amount	Intensity* (Unit/RMB million Operating Income)
Non-Hazardous Waste	Daily Solid Commercial Waste	kg	21,750	68.80

Note:* Intensity was calculated by dividing the Company's RMB316.12 million operating income in 2021.

A.2 Use of Resources

The Company strictly controls the use of various resources in operations, and has launched a series of internal monitoring systems relating to the procurement and use of resources. During the Reporting Period, the main resources we consumed were electricity, water and paper. The products of the Company do not consume packaging material. In order to enhance employees' awareness of environmental protection, we have set out the prevention of resources wasting such as water-saving and electricity-saving into the Company's system in written form. It includes the conditions and principles for using high power consuming equipment such as air conditioners, computers and lights.

Table 3: Use of Resources by Category in 2021

Use of Resources	Unit	Amount	Intensity* (Unit/RMB million Operating Income)
Electricity	kWh	149,453	472.77
Water	m ³	27	0.08
Paper	kg	250	0.79

Note:* Intensity was calculated by dividing the Company's RMB316.12 million operating income in 2021.

• Electricity

The Company's electricity consumption arises from the daily operations in office premises. Reduction in electricity consumption will reduce the GHG emission. Thus we encourage employees to reduce electricity consumption, and provide trainings on energy-saving and emission reduction to ensure that all staff observe the energy saving measures. At the same time, we actively explored the adoption of more environmentally friendly technologies in business operations. Our electricity saving measures are as follow:

- ✓ Display environmental protection signs such as "Please turn off all the lights after work" in prominent positions in offices
- ✓ Remind staff to turn off electrical appliances such as computers and drinking machines before leaving
- ✓ Promote the use of energy-saving lighting systems such as LEDs
- ✓ Keep the air conditioning system operating at 25 degree celsius
- ✓ Check the electrical shutdown status regularly on a daily basis to prevent people left without turning off electrical appliances

- ✓ Hire maintenance specialists to regularly check and timely repair office equipment to reduce operating wastage and maintain high operating efficiency
- ✓ Purchase office equipment with energy-saving labels

- **Water**

The Company's water consumption arises from the daily operations in office premises. We regularly emphasize the importance of conserving water to our staff and request them to save water. Measures include:

- ✓ Cut off unnecessary water usage from the sources and review water usage in offices regularly
- ✓ Place "Saving Water" posters in prominent places
- ✓ Remind staff to turn off water taps after use
- ✓ Strengthen the maintenance of water equipment and repair/replace the damaged water equipment immediately

- **Paper**

The Company's paper usage arises from the daily operations in office premises. We emphasize the efficient use of paper and implement the following measures:

- ✓ Encourage double-sided printing as well as using both sides of paper
- ✓ Use of e-mails, intranet and scanners to send/save documents electronically
- ✓ Use recycle paper and purchase printing paper from environmental friendly suppliers
- ✓ Use electronic means to promote the Company's products to customers and reduce the use of paper promotional materials

A.3 Environment and Natural Resources

Save for the use of resources and emission as discussed above, the Company's operations did not have direct and material impact on the environment and natural resources.

A.4 Climate Change

Climate change is one of the most severe challenges faced by the world. Rising temperatures and extreme weather are threatening our community and business operations. The Company regularly reviews the impact of its daily operations on the climate change, and is committed to adopt environmental friendly operating measures to reduce GHG emissions and the pressure on global climate change. Meanwhile, we proactively assess and manage the climate risks in our operations, and enhance our resilience to climate change. During the Reporting Period, the ESG Committee identified the climate risks which may induce financial and operational disruptions to the Company, and included them in the monitoring list. The climate risks that may impact the Company and the corresponding mitigation actions are as follows:

Climate Risks		Mitigation Actions	
Physical Risk	Extreme weather caused by climate change may lead to serious natural disasters such as drought, flooding, hurricane and wild-fire, which will affect the daily operations	✓	Develop emergency response measures to maintain the normal daily business operations
		✓	Commit to adopting environmentally friendly operating measures to reduce GHG emission and pressure on global climate change
Transition Risk	More stringent policies and disclosure requirements for corporate sustainability by various governments and regulatory authorities	✓	Make corresponding changes in daily business operations
		✓	Conduct regular reviews and analyses of local and international sustainability reporting requirements
		✓	Appoint independent sustainability consultant to enhance ESG reporting and data collection

Looking forward, the Company will continue to pay close attention to the global and the PRC environmental protection policies and regulatory trends, and invest in corresponding environmental protection constructions when appropriate to enhance the Company's sustainability performance.

- **Green Internet Finance**

Dongzheng AFC firmly implements the concept of green development. Surrounding our position of "fully creating an innovative development landscape through new orientation, thinking, and action", we actively promote electronic business operations and online management and development by innovating our management models and product channels. Starting from 2021, the Company has basically fully realized the online work process and reduced paper usage to achieve the goal of being more environmentally friendly. We launched a WeChat enquiry platform for checking account repayment records and details, online customer services and other functions.

For the channels to secure customers, the Company actively explored cooperation with automotive e-commerce platforms to increase brand exposure, and enhance financial services penetration and conversion. For customer services, the Company has always persisted in the technology-enabling strategy by prioritizing our investments and budgets in information technology area over the years. The Company established complete business system coverage, incorporated remote electronic credit check and loan pre-approval model in the front-end submission phase, which significantly improved the submission processes efficiency and customer experience. This has laid a solid foundation for attracting the customers through the Internet. The Company continues to upgrade its automated approval model to achieve the differentiation approval strategy for customers in different classes. With the support of the optical character recognition and other technologies, the loan approval and repayment are fully automated without any manual handling which significantly improved the operating efficiency. The repayment reminder system and second-generation credit reference system have also been launched. Empowered by technologies, the Company has demonstrated environmental-friendly development in risk control and operations. In addition, we have adopted server distribution and virtualization to reduce the number of physical servers and energy consumption. It fully utilizes the capability of the machines while ensuring system reliability and security. In future, we plan to relocate the server rooms to professional international data centers for the provision of more stable and secure system services, while further reducing energy consumption and making it more environmentally friendly.

A.5 Emission Targets

After communicating with stakeholders and considering the potential business development in coming years, the Company has set emission targets of the GHG emission intensity, hazardous/non-hazardous waste produced intensity and the intensity of using various resources will be maintained at the level of the Reporting Period for the next 3-5 years. We will continue to adopt the measures in this Report to achieve the targets.

B. SOCIAL SUSTAINABILITY

This section primarily discloses the Company's policies and KPIs on employment, occupational health and safety, development and training, labour standards, supply chain management, product responsibility, anti-corruption and community investment for the Reporting Period.

COVID-19 Pandemic

During the Reporting Period, the COVID-19 pandemic kept posing certain impact on society and the economy. The Company has been closely monitoring the impact of the pandemic on its business and stakeholders, and has always maintained a high degree of vigilance. The following contingency measures have been formulated to ensure the safety of our employees and stakeholders:

- ✓ Formulate the "Office Management Measures under the Pandemic Prevention and Control Period" and "Work Guidelines under the Pandemic Period", which clearly standardizes the working methods and procedures during the pandemic at the company level, department level and employee level. It helps to ensure that all department operations are carrying out their functions safely, orderly and efficiently during the pandemic
- ✓ Implement job rotation and flexible working hours
- ✓ Monitor employees' health daily
- ✓ Disinfect workplaces daily
- ✓ Prepare sufficient anti-pandemic resources to our staff
- ✓ Arrange quarantine and PCR testings for those who have visited high-risk areas
- ✓ Provide various development supports and livelihood protections to our customers

B.1 Employment

Talents are the most important assets of Dongzheng AFC. Outstanding staff bring us the driving force for our sustainable business development. Thus we are committed to providing our staff a fair, open, safe and healthy working platform.

The Company strictly adheres to “Labour Law of the PRC”, “Labour Contract Law of the PRC” and other relevant laws, established “Human Resource Management Measures”, and treat staff of different gender, race, age, disability, family status, marital status, sexual orientation, religion beliefs and nationality equally. We strive to be fair in recruitment, training, compensation, promotion, dismissal or retirement, and eliminate discrimination. We also pay full attention to the rights and interests of female employees. Women have equal rights and fair promotion opportunities.

The Company strives to attract high-calibre candidates. All staff recruitment are carried out in accordance with the principles of openness and fairness. In order to retain outstanding talents, we carry out employee work performance appraisal every year to evaluate their performance, and promote high-performance and high-potential employees. Also, we adjust employees’ salaries according to the appraisal results. At the same time, the Company established a clear dismissal system. Employees are dismissed reasonably and legally according to the provisions of the laws and employee handbooks. Any unfair or unreasonable dismissal is strictly prohibited.

According to the “Labour Law of the PRC”, the Company makes full contribution to the “Five Insurances and One Fund” (including pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund) for all employees on time pursuant to local standards. We are in strict accordance with the relevant regulations on national statutory holidays. We arrange work and rest schedule for employees according to the prescribed working hours, job intensity and statutory holidays. Paid holidays are provided for qualified employees.

We actively and comprehensively mobilize and organize various after-work cultural/sports and team-building activities. These are important platforms to promote the unity and development of the Company such that our employees will always remain high-spirited and translate into their daily works. We established basketball team, yoga club, cheering team and other societies, and organized various activities to continuously satisfy employees’ spiritual and cultural needs. During the Reporting Period, different departments actively organized numerous team building activities including the commendation meeting for outstanding employees and outstanding teams, which have been well received and widely participated by employees. These activities not only enriched employees’ life after busy work, but also strengthened team cohesion and continuously enhanced employees’ sense of belonging.



During the Reporting Period, the Company was in full compliance with relevant employment laws and regulations regarding remuneration, dismissal, recruitment, promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, welfares etc. We did not receive any complaints or disputes concerning employment.

As at 31st December 2021, there were 174 employees for the Company. 62 employees left during the Reporting Period, which represented an annual staff turnover rate of 36%.

Table 4: Employees by Category as at 31st December 2021

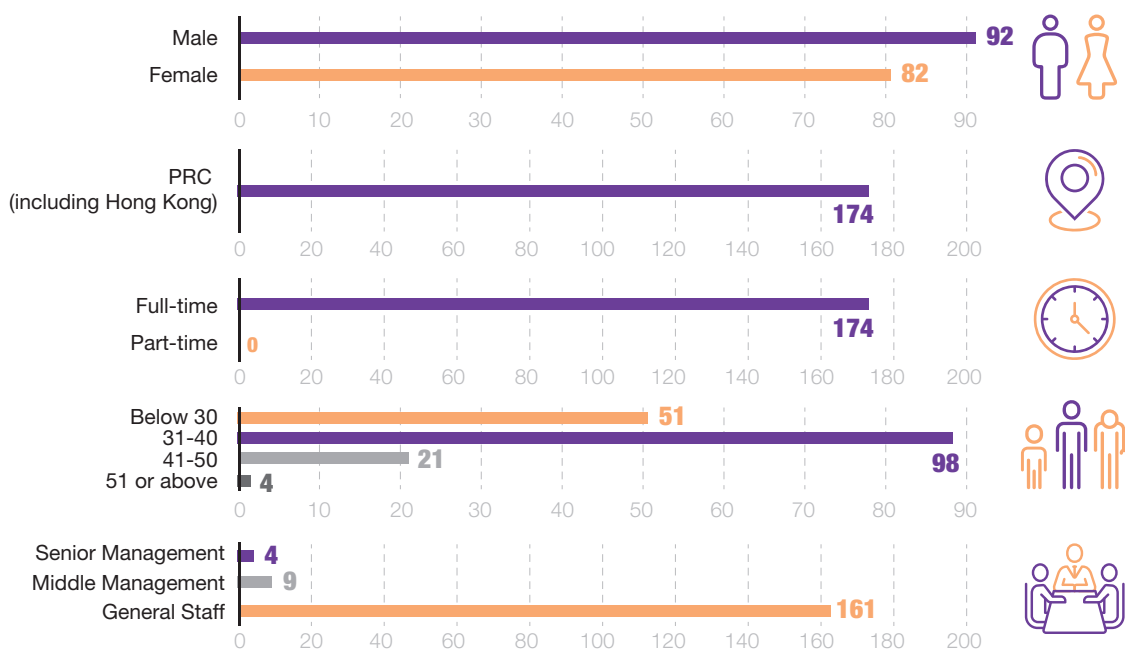
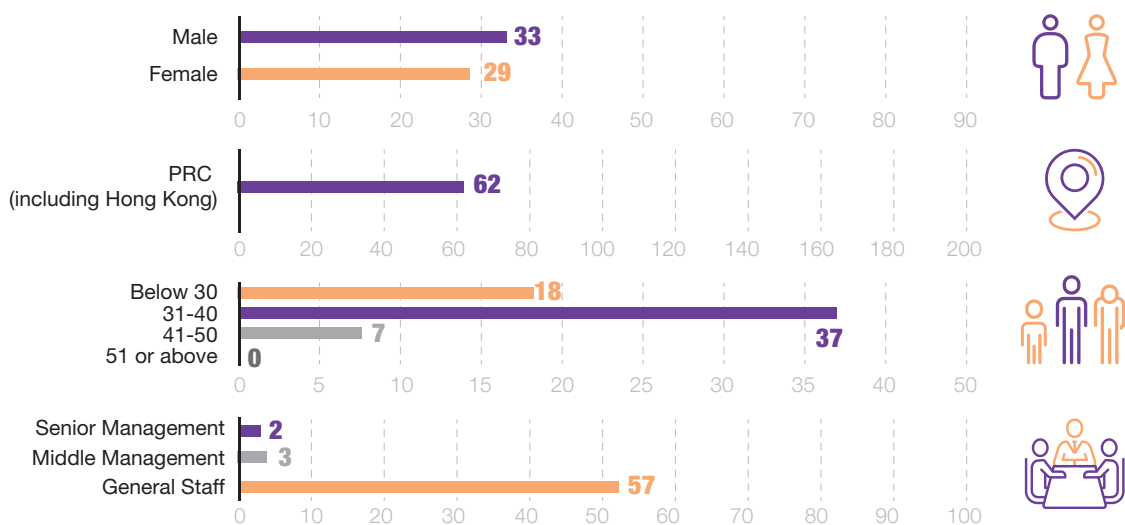


Table 5: Employees Turnover by Category in 2021



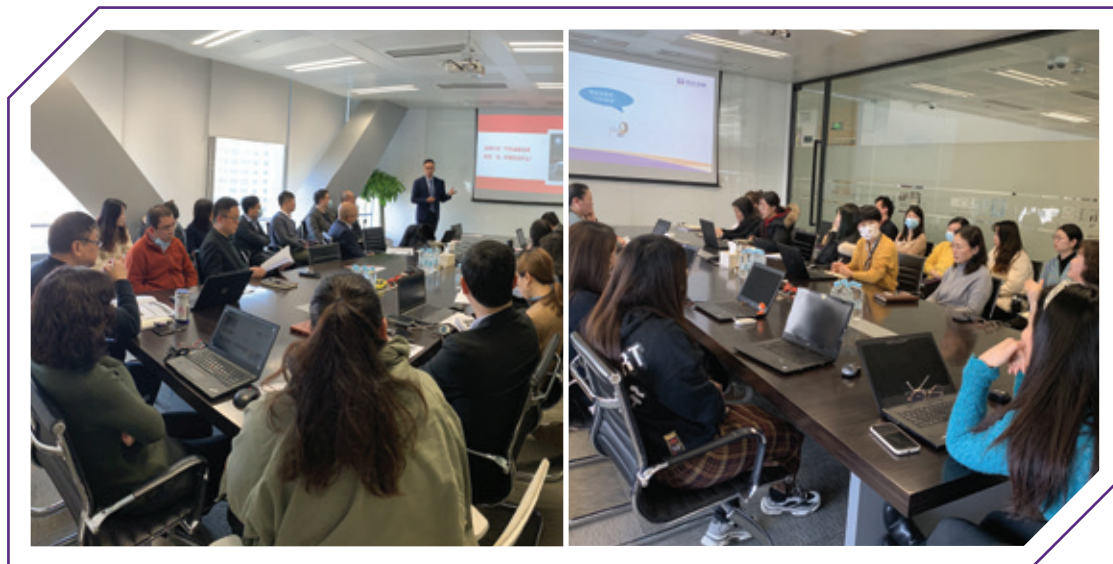
B.2 Occupational Health and Safety

Dongzheng AFC guarantees to provide safe and healthy working environment for all employees, and strictly implements the laws and regulations in the PRC related to occupational health and safety. We regularly organize physical examinations for all staff and encourage them to participate in cultural/sports activities to further improve their physical fitness. By formulating company regulations and organizing employee trainings, we enhance employees' ability to prevent and respond to fires, and prevent employees from occupational safety risks. During the Reporting Period, we participated in fire drills arranged by the property management of office premises, regularly cleaned the air-conditioning systems and other office equipment, and provided comprehensive hygiene management for the workplaces. All our office premises are equipped with first aid kits in case of any emergency. We are committed to creating a clean, tidy, smoke-free, non-toxic, non-hazardous, healthy and safe working environment for our employees.

During the Reporting Period, the Company did not violate any relevant laws and regulations regarding occupational health and safety. There was no work-related fatalities and loss of working days due to work injury for the past three years.

B.3 Development and Training

Dongzheng AFC believes that the growth of employees' capability helps enhancing our competitiveness. We focus on cultivating employees, helping employees for their all-round career development and planning, and enhancing employees' core competencies, professional knowledge and skills. We established an employee training system covering all staff. Both male and female employees enjoy equal training opportunities. Trainings include business and product knowledge, occupational ethics and safety, management skills, leadership etc. We provide targeted training activities to employees of different seniority according to frontline, middle-level and senior employees. The establishment of a comprehensive training system enables employees at all levels to receive internal on-the-job trainings within their departments, while receiving online and offline education at the company level.



During the Reporting Period, the Company has arranged a total of 2,289 hours of trainings to all staff, which represented an average of 13.2 hours of trainings per employee.

Table 6: Training Hours Completed by Employee Category in 2021

	Senior Management	Middle Management	General Staff	Total
Number of Training Hours	8	15	2,266	2,289
Number of Employees	4	9	161	174
Average Training Hours Per Employee	2.0	1.7	14.1	13.2

Table 7: Training Hours Completed by Employee Gender in 2021

	Male	Female
Number of Training Hours	1,114	1,175
Number of Employees	92	82
Average Training Hours Per Employee	12.1	14.3

B.4 Labour Standards

Dongzheng AFC is committed to protecting human rights. We are fully aware that child labor and forced labor violate basic human rights, strictly abide by relevant laws and regulations in the PRC including the “Labor Law of the PRC” and “Labor Contract Law of the PRC” and prohibit the employment of any child labor and forced labor. We have strict requirements on selecting employees. Job applicants are required to provide information such as identity documents, the highest academic qualification, professional certificates and certificate of resignation for verification of identity during the recruitment process. If violation of employing child labour or forced labour is found, we will immediately terminate his/her employment contract, investigate the causes and hold the non-compliant staff accountable including impose appropriate penalties.

The Company clearly stipulates working hours, rest and vacation, labor protection and job duties. We do not have mandatory overtime to establish a respectful, honest and fair working environment for our employees.

During the Reporting Period, the Company was not in violation of any laws and regulations related to the prevention of child and forced labour.

B.5 Supply Chain Management

While Dongzheng AFC strongly supports sustainability, we also expect our suppliers to fulfill the same social responsibilities and thus we strictly monitor the sustainability performance in our supply chain.

Suppliers of the Company mainly provide information technology solutions, daily office supplies, transportations, renovation services, business process outsourcings, information consultations, etc. We established the “Measures for Procurement Management” to ensure fair procurement systems and procedures. For supplier evaluation and acceptance review, we formulated various evaluation criteria including quality, price, health, environment, safety, reputation, ethics, etc., and set different weightings for different criteria. We strictly follow the criteria in the evaluation process and screen suppliers who meet the standards. In addition, we incorporate sustainability topics into the procurement process by requiring suppliers to strictly abide key ESG principles. Priority will be given to environmentally friendly and socially responsible suppliers. In view of the possible situations and problems of suppliers in fulfilling the contracts, we obtain detailed information concerning the suppliers through daily communications, regular meetings, post-purchase evaluations, etc. We will propose procurement strategies based on the analysis and discovery of potential risks in order to enhance the quality of contract fulfillment by the suppliers. The Company adopts all measures to prevent employees from receiving personal benefits from suppliers by requiring suppliers and relevant employees to declare their interests to prevent the transfer of benefits.

During the Reporting Period, the Company had 28 suppliers and all of them were from the PRC.

B.6 Product Responsibility

The missions of Dongzheng AFC are to provide first-class services and high-quality products to customers, as well as excellent customer experience with professional and meticulous services. Our products are positioned to mid-to-high-end luxury automobile customers and aim to provide them tailor-made financial solutions and VIP services. We continuously increase efforts and resources on product research and development to achieve product innovation. We focus on the business experience of financial consumers and adhere to the “Customer First” service principle. Thus we continue to develop featured financial products to satisfy customers’ diversified needs for automotive financial services. We continue to promote the comprehensive upgrading of the risk and decision-making systems, and actively optimize operation procedures and product models. We continuously improve product service quality based on customers’ needs and plan to launch more high quality financial products and services in future.

Customers are important assets of the Company. Thus we highly value their demands and opinions. We are committed to enhancing customer satisfaction and loyalty, and improving corporate brand awareness and influence. The Company formulated the “Measures on Customer Service Management” to protect the customers’ rights and interests in accordance with the laws such as “Measures for the Management of Auto Loans” and “Administrative Measures for Auto Finance Companies”. We established the following sound and rapid response mechanism for handling customer enquiries:

- ✓ Manned hotline service available from 08:45 to 17:45 on every working day
- ✓ Customers’ enquiries are immediately handled or handled after confirmation
- ✓ Responses to customers’ complaints within two to five working days under normal circumstances
- ✓ For complex complaints or enquiries that cannot be resolved immediately, the department heads or managers will designate specific staff to handle and pro-actively communicate with customers

We fully implement the “Customer First” service principle throughout the customer service process. We coordinate with the front, middle and back offices together to form company-wide actions to solve customer questions with a focus on protecting consumer rights and interests. During the Reporting Period, the Company has received a total of five complaints. All of them have been handled with no repeated complaints from customers.

The Company's business will collect a large number of customers' personal data and thus we pay special attention on protection of customer privacy. We strictly implement the "Guiding Opinions of the State Council on Strengthening the Protection of Financial Consumer Rights and Interests" to pro-actively safeguard the information security rights, property safety rights and other basic rights of financial consumers. We set out clear requirements and implement strictly in business operations regarding collecting, storing and accessing customer data by means of trainings. Employees are strictly prohibited to disclose customer data to any persons or any institutions. The operation procedures for enquiries on personal credit reports are strictly regulated. Prior written authorization from individual loan applicants and related persons must be obtained for enquiring their personal credit reports, as well as providing the borrowers' and related persons' information to the basic credit information database of the People's Bank of China. It shall also be listed in the borrower's contract.

Meanwhile, we also emphasize the importance on the protection of intellectual property rights. The Company shall refuse to provide or use any products or services that violate copyright or intellectual property rights in the operations. All of the software and information used are with legal licenses and we only procure genuine products.

During the Reporting Period, the Company did not violate any laws and regulations regarding the product responsibility, data privacy and intellectual property rights. The Company's automobile financial products is a service business and thus the products sold being recalled stated in the ESG Guide is not applicable.

B.7 Anti-corruption

Dongzheng AFC believes upholding integrity in business operation is corporate social responsibility, which is also the cornerstone for maintaining corporate competitive advantage and sustainable operation. We are strictly in compliance with the laws and regulations relating to anti-corruption and anti-bribery in the PRC, including "Anti-Money Laundering Law of the PRC", "Anti-Unfair Competition Law", etc. There is zero tolerance for us on any form of corruption. Our "Business Accountability Management Policy" and the "Employee Code of Conduct" prohibit all employees from accepting/offering gifts from/to customers, and participating in various spending and entertainment activities arranged by customers. Systems related to anti-fraud and anti-commercial bribery as well as the code of conduct for employees have been formulated to prevent corruption and crack down bribery. If we find any case of violation, we will promptly stop and take actions seriously. We will hand over the employees who violate the law to judicial authorities and will never tolerate.

The Company organizes anti-corruption and anti-bribery related trainings for employees and strives to create clean business atmosphere. It also enhances employees' self-discipline to avoid any violations of the regulations. During the Reporting Period, the Company arranged 40 hours of trainings to the staff and directors in relation to anti-corruption.

The Company encourages reporting of misconduct from the employees and stakeholders. Whistleblowers may report any suspected misconducts to the Board through the designated reporting email-box anonymously or in real names.

During the Reporting Period, the Company did not receive any corruption lawsuits against the Company or its employees. Meanwhile, the Company and its employees were not in violation of any of the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering.

B.8 Community Investment

As a member of the community, Dongzheng AFC actively fulfills its social responsibilities and is committed to contributing itself to the construction of a sustainable society. We endeavor to the participation of community building and induce the Company to devote to public welfare activities and carry out caring donations. We leverage our resources to contribute to the society and assist the PRC to be a cohesive and caring society. The Company pays special attention to fostering employees' awareness of social responsibility and encourage them to voluntarily participate in charity events to help those in needs in the society.

During the Reporting Period, in order to take care for the employees with difficulties, the Company organizes family visits for those employees to understand their family needs and help them to solve their problems. On the occasion of celebrating the 100th anniversary of the founding of the Communist Party of the PRC, we specially launched four Party history learning activities. In addition, the general manager of the Company, Mr. Li Yi, served as the Vice-chairman of the "China Auto Dealers Chamber of Commerce".

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	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	7
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	7
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	10
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	8
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	7
Aspect A3: The Environment and Natural Resources	General Disclosure		
	Policies on minimising the issuer's significant impacts on the environment and natural resources.	8	
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	8
Aspect A4: Climate Change	General Disclosure		
	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	9	
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	9

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Employment and Labour Practices		
Aspect B1: Employment	General Disclosure	
	Information on:	11
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	
	KPI B1.1 Total workforce by gender, employment type (for example, full-or parttime), age group and geographical region.	12
	KPI B1.2 Employee turnover rate by gender, age group and geographical region	12
Aspect B2: Health and Safety	General Disclosure	
	Information on:	13
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	
	KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	13
	KPI B2.2 Lost days due to work injury.	13
	KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	13

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Aspect B3: Development and Training	General Disclosure	
	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	13
	KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	14
	KPI B3.2 The average training hours completed per employee by gender and employee category.	14
Aspect B4: Labour Standards	General Disclosure	
	Information on:	14
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	14
KPI B4.2 Description of steps taken to eliminate such practices when discovered.	14	
Operating Practices		
Aspect B5: Supply Chain Management	General Disclosure	
	Policies on managing environmental and social risks of the supply chain.	14–15
	KPI B5.1 Number of suppliers by geographical region.	15
	KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	15
	KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	15
KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	15	

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Aspect B6: Product Responsibility	General Disclosure	
	Information on:	15–16
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	16
	KPI B6.2 Number of products and service related complaints received and how they are dealt with.	15
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	16
Aspect B7: Anticorruption	General Disclosure	16
	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.	
	KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	16
	KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	16
	KPI B7.3 Description of anti-corruption training provided to directors and staff.	16
Community Aspect B8: Community Investment	General Disclosure	
	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	17
	KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	17
	KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	17

