



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

2023

Environmental, Social and Governance Report



CONTENT

1

Overview

1

About This Report

2

Stakeholders' Engagement

3

Materiality Assessment

4

Board Participation And Board Statement

5

Environment Sustainability

12

Social Sustainability

21

Report Disclosure Index



OVERVIEW

Shanghai Dongzheng Automotive Finance Co., Ltd. (“Dongzheng AFC”, the “Company” or “we”) is pleased to publish this 2023 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 National Financial Regulatory Administration, we specialize in providing automotive finance products and services for the purchase of vehicles 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 C2 – 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 2023 to 31 December 2023 (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 section headed “Corporate Governance Report” in the Company’s 2023 Annual Report.

STAKEHOLDERS' ENGAGEMENT

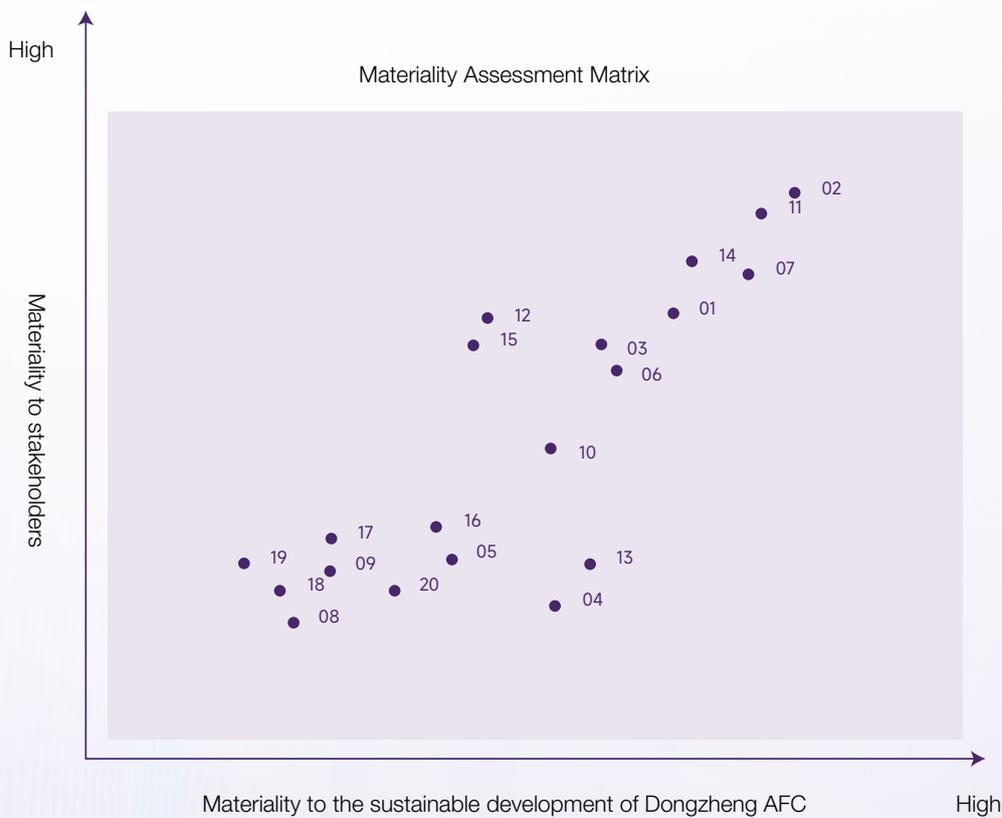
Stakeholders refer to the groups and individuals materially influencing or being influenced by the Company's business. The Company's stakeholders include government, regulatory authorities, shareholders, investors, directors, employees, customers, suppliers and the general public. We strongly believe that establishing effective communication channels with stakeholders facilitates the Company to 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	√ Policy documents and guidelines
	√ Meetings
	√ Information reporting
	√ Specific topic reports
Regulatory Authorities	√ Regulatory policies
	√ Inspections and supervisions
	√ Work reports
Shareholders and Investors	√ Annual General Meeting
	√ Compliance information disclosures
	√ Corporate website
Directors	√ Board meetings
Employees	√ Meetings with employee representatives
	√ Employee satisfaction surveys
	√ Trainings
	√ Visits and interviews
Customers	√ Marketing activities
	√ Customer service hotlines and e-mails
	√ Surveys
	√ Digital platforms such as WeChat applet, APP
Suppliers	√ Supplier meetings
	√ Contract negotiations
	√ Tendering and bidding activities
General Public	√ Communications with society and charity activities
	√ Corporate website

We welcome stakeholders' opinions and feedback, especially on sustainability approach and performance of the Company. Readers are welcomed to share their views with us at ir@dongzhengafc.com.

MATERIALITY ASSESSMENT

The financial industry differs from traditional business models, and therefore faces significantly different risks in terms of sustainable development. Based on the results of a survey conducted in 2020 by independent sustainable development consultants inviting stakeholders of various types to participate, and taking into account the Company's operating situation and stakeholder situation, we assessed sustainable development issues for 2023. After evaluation, we believe that there were no significant changes in the Company's operating situation or stakeholder situation during the Reporting Period. Therefore, we have continued to use the results of the importance assessment of sustainable development issues in 2020 and have formulated the following materiality assessment matrix:



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 identify areas for improvement and provides guidance for decision-making in various business areas of the Company, 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 order to assist the Board in executing sustainability policies, we established an environmental, social and governance committee (the "ESG Committee"), formulated and reviewed the "ESG Policy", and reports to the Board on a regular basis. The ESG Committee assists the Board in executing sustainability policies and reports to the Board on a regular basis. The ESG Committee is led by senior management of the Company, comprising of executive director and general manager, secretary to the Board, chief human resources officer, and department heads of the Strategic Planning Department, Finance Department and Compliance Department etc. 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. To ensure effective implementation of the Company's ESG initiatives, the Board requires the ESG Committee to report on a regular basis. 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. Environment 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. Our major emissions are from electricity used in daily office operations. To mitigate greenhouse gas (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, total GHG emissions for the Company was 107.67 tons CO₂e. The per capita CO₂ emissions decreased from 0.54 tons/person in 2022 to 0.44 tons/person in 2023. The Company has achieved certain progress in green operations and also achieved the Company's target of maintaining GHG emission and harmful/non-harmful waste production intensity at the level of the 2021 reporting period. We will continue to adopt the measures described in this report to conserve energy and reduce emissions.

Table 1: Emission Comparison between 2023 and 2022

	Unit	2023 Amount	2022 Amount
GHG emission	Tons CO ₂	107.67	82.68
Per capita emissions	Ton/person	0.44	0.54
Electricity	kWh	181,635	114,789
Paper	Kg	4,200	210
Gasoline	L	0	6,875

Note*: The Company ceased using corporate vehicles and thus no gasoline consumption in 2023.

Table 2: Various GHG Emissions in 2023

KPIs	Unit	Amount	Intensity* Tons/ Person
Scope 1(Direct GHG Emissions)	Tons CO2e	0	0.00
Scope 2(Indirect GHG Emissions)	Tons CO2e	105.47	0.43
Scope 3(Other Indirect GHG Emissions)	Tons CO2e	2.02	0.01
Total	Tons CO2e	107.67	0.44

Note*: Intensity is calculated on the basis of 248 employees of the Company at the end of 2023.

The various GHG emission factors are referenced from the Corporate Greenhouse Gas Emissions Accounting Methodology and Reporting Guidelines (2022).

In terms of waste treatment, the harmful waste generated by the company's operation is only the waste toner cartridge and ink cartridge generated by the printer, which are recycled by qualified third-party institutions. 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 primarily 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 recycle, such as to reuse old office equipment and reduce disposables. We estimate the Company's non-hazardous waste in 2023 based on the per capita municipal solid waste emissions in Shanghai.

Table 3: Non-Hazardous Waste in 2023

KPIs	Category	Unit	Amount	Intensity* Tons/ Person
Hazardous waste	Ink cartridge	Kg	58	0.23
-	Toner cartridge	Kg	4	0.02
Non-Hazardous Waste	Daily Solid Commercial Waste	Kg	30,628	123.5

Note*: Intensity is calculated on the basis of 248 employees of the Company at the end of 2023.

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.

During the Reporting Period, the Company advanced green operations, promoted public transportation and ceased using corporate vehicles. Thus, there was no gasoline consumption as compared to previous year. Due to the increase of the company's personnel and business volume, the company's per capita water consumption and paper usage in 2023 have increased, and have not achieved the target value of 2021. We will strengthen conservation measures, including water conservation in office, continuous improvement of paperless business processes etc., to reduce the consumption of related resources.

Table 4: Use of Resources by Category in 2023

Use of Resources	Unit	Amount	Intensity* Tons/ Person
Electricity	kWh	181,635	729.46
Water	m ³	51.2	0.21
Paper	kg	4,200	16.87
Petrol	L	0	0.00

Note*: Intensity is calculated on the basis of 248 employees of the Company at the end of 2023.

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	<ul style="list-style-type: none"> √ 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	<ul style="list-style-type: none"> √ 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.

Digital transformation

Information technology, digitalization and intelligentization are deeply affecting the financial industry. Since 2018, the Company has firmly implemented a technology empowerment strategy and attached great importance to the digital transformation of its business. By constructing and optimizing the system, the Company has improved its data management and promoted high-quality business development.

2018	<ul style="list-style-type: none"> • Launched enterprise workflow system, which has comprehensively optimized the process and approval of loan business; • Completed system integration of the 300 car model database, which has unified and standardized the loan asset data information of the Company.
2019	<ul style="list-style-type: none"> • Launched post-loan mini program project, which has achieved the collection of customer data on the mobile end; • Developed and deployed an in-house automated risk control system, and introduced multiple external data sources to provide more decision-making data for big data risk control; • Completed the second-generation credit reporting system project with the People's Bank of China, which has enriched customers' basic data; • Launched the remote electronic credit reporting and electronic contract signing projects, standardized the loan application process, and migrated contracts from paper-based to electronic-based; • Started the production database synchronization implementation project to improve the data security of core database and the feature of business database; • Started the data warehouse project on core database to facilitate report development and data audit; • Launched automatic approval system, to facilitate the anticipation and management of risks, enable proactive automatic approval for high-quality customers; • Launched reporting system to meet the reporting needs of various business departments within the Company.
2020	<p>Launched arbitration project, which can save customers' electronic signature data and transmit the signature data to arbitration commissions, improving the efficiency of the Company's arbitration cases.</p>
2021	<p>Launched automated loans disbursement project, where robots monitor the status of loans disbursement and perform loans disbursement operations real-time, replacing the need for manual intervention, and improving the efficiency of loans disbursement process.</p>
2022	<p>Restructured data warehouse to make the data more comprehensive and better categorized, providing stronger support for the Company's future reporting system, regulatory reporting, and big data risk control.</p>

B. Social Sustainability

This chapter mainly discusses the policies and key performance indicators of the Company during the Reporting Period related to employment, occupational health and safety, development and training, labor standards, supply chain management, product responsibility, anti-corruption, and community investment.

B.1 Employment

Talent is the Company's most important asset, and excellent employees can drive the sustainable development of the company's business. The Company is committed to attracting outstanding talents to join, and all employee recruitment follows the principles of openness and fairness. In order to retain outstanding talent, we conduct employee performance assessments every year to evaluate employees' work performance, promote and elevate high-performance and high-potential employees, and adjust employee compensation based on assessment results. At the same time, the Company has established a clear dismissal system. Any unfair or unreasonable dismissal is strictly prohibited.

The Company is committed to implementing relevant legal requirements such as the "Labor Law of China" and the "Labor Contract Law of China," and has developed the "Human Resources Management Measures" to treat employees of different genders, races, ages, disabilities, family statuses, marital statuses, sexual orientations, religious beliefs, and nationalities fairly in recruitment, training, compensation, promotion, dismissal or retirement, and to eliminate discriminatory behavior. We also attach great importance to the rights of female employees and ensure that women have equal rights and opportunities for fair promotion in the workplace.

According to the "Labor 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 strictly arrange work and rest schedule for employees according to the prescribed national working hours, job intensity and statutory holidays. Paid holidays are provided for qualified employees.

We strive to create an equal, democratic, diverse, and inclusive work environment for our employees. We actively encourage and organize various recreational and team-building activities to enhance employee morale and promote company unity and development. We have formed various societies such as basketball teams, yoga clubs and cheerleading squads etc., and regularly organize events to meet the spiritual and cultural needs of our employees.

During the Reporting Period, various departments actively organized a variety of team-building activities, including the recognition ceremony for outstanding employees and teams. These activities enriched the employees' leisure time and also promoted the cohesion of the Company's teams, continuously enhancing the employees' sense of belonging.

During the Reporting Period, the Company fully complied with all employment laws and regulations related to salary, dismissal, recruitment, promotion, working hours, leave, equal opportunities, diversity, anti-discrimination, and benefits. We did not receive any complaints or disputes related to labor and management.

As of the end of the Reporting Period, the total number of employees in our Company was 248, with 88 employees leaving the Company. The annual employee turnover rate was 32.36%.

Table 5: Employees by Category as of 31st December 2023

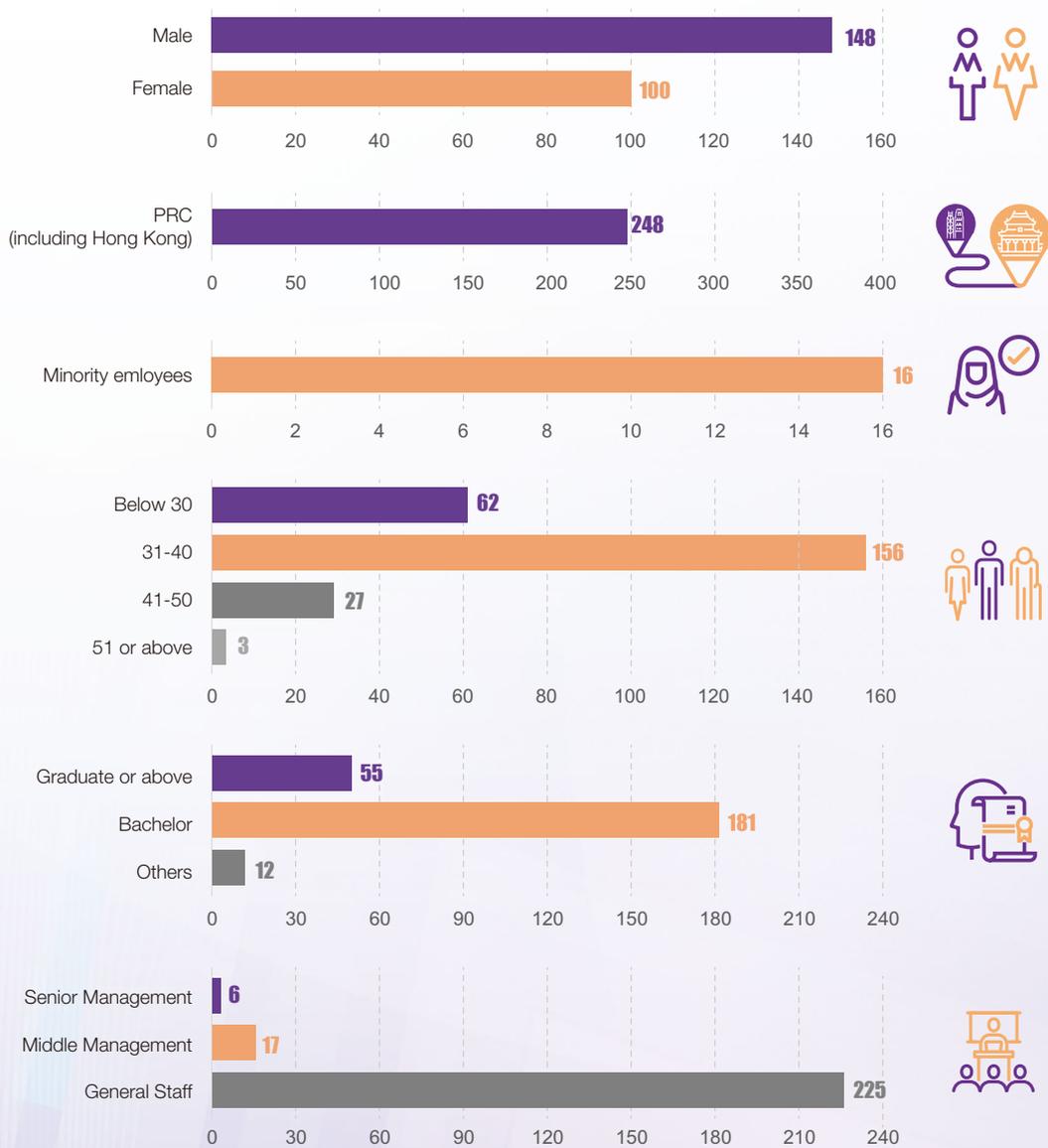
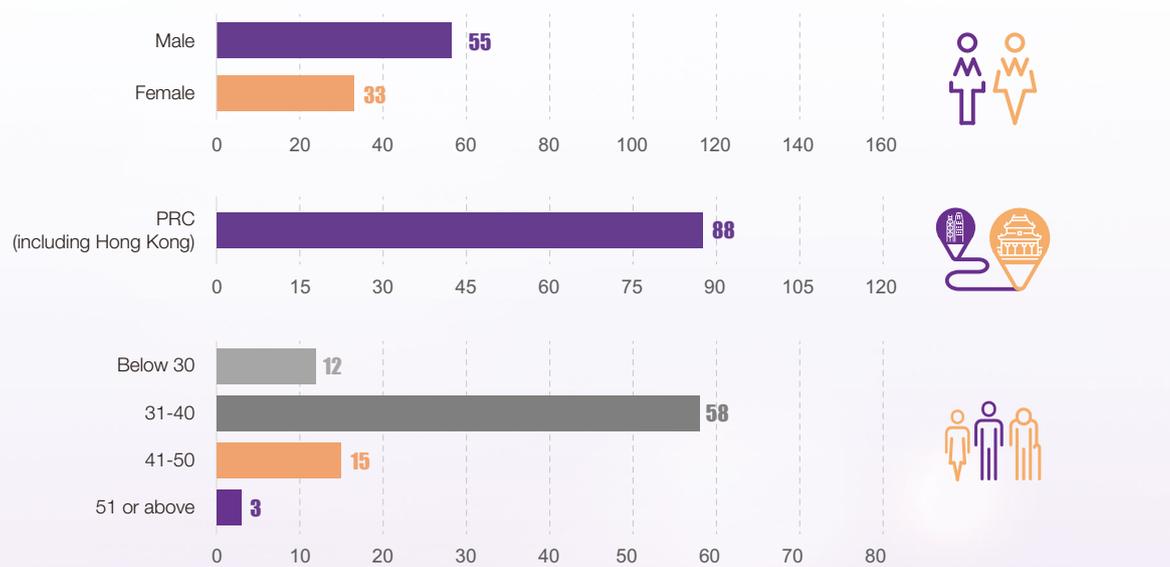


Table 6: Employees Turnover by Category in 2023



B.2 Occupational Health and Safety

Dongzheng AFC guarantees to provide a safe and healthy working environment for all employees, and implements laws and regulations related to occupational health and safety. We regularly organize physical examinations for all employees, encourage them to participate in cultural and sports activities, and improve their physical fitness. Through the formulation of Company regulations and the organization of employee training, we enhance employees' ability to prevent and respond to fire emergencies, and prevent occupational safety risks for employees. During the Reporting Period, we participated in two fire emergency drills arranged by the office property management department and completed two investigations on hidden danger. In addition, all of our offices are equipped with first aid kits to respond to any emergency situations. We also regularly clean air conditioning systems and other office equipment, and are committed to creating a clean, tidy, smoke-free, non-toxic, harmless, healthy, and safe working environment for employees.

During the past three years including the Reporting Period, the Company did not violate any laws or regulations related to occupational health and safety, and did not lose any workdays due to work-related deaths or injuries.

B.3 Development and Training

Dongzheng AFC believes that the growth of employee capabilities helps to improve our competitiveness. We focus on cultivating employees, helping them to build a comprehensive career development and planning, and enhancing their core competencies and professional knowledge and skills. We have established an employee training system that covers all employees, and male or female employees enjoy equal training opportunities. Training includes different contents such as business and product knowledge, professional ethics, safety and management skills, leadership, etc. We conduct targeted training activities for employees at different levels, from grassroots to mid-level to senior-level, and they can receive on-the-job training within their departments as well as online and offline education provided by the Company. The Company's training is diverse in form, hierarchical, and covers all employees, which not only improves the personal abilities of employees but also contributes to the improvement of the Company's governance level and the orderly development of business.

Table 7: Training Hours Completed by Employee Category in 2023

	Senior Management	Middle Management	General Staff	Total
Training Hours	322	334	12,882	13,538
Employees	6	17	225	248
Average Training Hours per Employee	53.67	19.65	57.25	54.59

Table 8: Training Hours Completed by Employee Gender in 2023

	Male	Female
Training Hours	8,935	4,603
Employees	148	100
Average Training Hours per Employee	60.37	46.03

B.4 Labor Standards

Dongzheng AFC is committed to protecting human rights. We 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 labor or forced labor 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 labor.

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.

The Company's suppliers mainly provide information technology solutions, daily office supplies, transportation vehicles, decoration services, outsourcing services, information consulting, etc. In terms of regulations, we have formulated the "Procurement Management Measures" to ensure fairness in procurement systems and procedures. In terms of supplier evaluation and admission review, we have established evaluation standards from multiple aspects such as quality, price, health, environment, safety, reputation, and ethics. We have assigned different weights to different aspects and strictly followed the standards in the evaluation process to screen out suppliers that meet the standards.

In addition, we have incorporated sustainable development issues into the procurement process and require suppliers to strictly adhere to key environmental, social, and governance principles. We prioritize selecting environmentally-friendly and socially responsible suppliers. To address potential issues and problems that may arise during the fulfillment process by suppliers, we obtain detailed information through various means such as daily communication, regular meetings, post-procurement evaluations, and analyze potential risks. We then provide purchasing strategy recommendations, significantly improving the fulfillment quality of our suppliers.

During the Reporting Period, we worked with a total of 120 suppliers, all of which are from China. We have taken all measures to prevent our employees from receiving personal benefits from our suppliers, and we require suppliers and relevant employees to declare any interests to prevent any occurrence of benefit transmission.

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. 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.

1. Consumer Protection



The Company organized financial consumer rights protection education and promotion month

The Company attaches great importance to the protection of consumer rights and has formulated 10 rules and regulations, including the "Management Guidelines for Consumer Rights and Interests Protection". It has standardized multiple aspects such as product service review, product and service management, complaint management, financial knowledge promotion and education, and clarified the responsible departments and related responsibilities for consumer rights protection.

The Company publishes pricing information for its products and services through various public channels, ensuring transparency in service fees and fulfilling responsible marketing responsibilities.

2. Customer complaint channels and complaint handling mechanism

We fully implement the service philosophy of "Customer First", attach great importance to customer needs and opinions, and are committed to improving customer satisfaction, loyalty, as well as brand awareness and influence. In terms of regulations and systems, we have formulated the "Customer Complaint Management Implementation Rules" and "Customer Service Management System" based on laws and regulations such as the "Regulations on Automobile Loan Management" and the "Regulations on Automobile Finance Companies" to protect customer rights.

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

In the customer service process, we have established a front-end, middle-end, and back-end linkage mechanism to solve customer problems around the protection of consumer rights. Since 2022, in response to the busy hotline caused by the sudden outbreak of the pandemic, we have launched a 24-hour customer service voice system to reasonably divert customers and improve the phone connection rate. When the customer closes the contract and fully settles the account, the system automatically triggers a prompt message to inform the customer of the subsequent charge release matters in order to calm the customer's emotions in advance, improve the customer experience, and avoid customer complaints.

We have also strengthened the performance assessment of customer service and consumer protection staff, implemented management responsibilities at all levels. Regarding complaint and report cases forwarded by regulators, we trace back the handling of customer complaints and, if we find inadequate or negligent handling, they shall be reflected in appraisals. Those with serious circumstances will be held accountable in a timely manner.

During the Reporting Period, the Company received a total of 13 complaints. All of which have been resolved with no repeated complaints from customers. Both the individual customer satisfaction and the corporate customer satisfaction have reached 100%.

3. Privacy and intellectual property protection

The Company collects a large amount of personal information from customers in the course of our business. Thus, we place special emphasis on protecting customer privacy. We conscientiously implement the "Guiding Opinions of the General Office of the State Council on Strengthening the Protection of Financial Consumer Rights and Interests" and consciously protect the basic rights of financial consumers such as information security and property security.

Regarding the operation of our business systems and database management, the Company has strict authority management and approval processes. We utilize firewalls and host defense systems to prevent external attacks, and perform regular vulnerability scans on our systems.

Through training programs, we have established clear rules for the collection, storage, and use of customer information, which are strictly enforced in business operations. Employees are strictly prohibited from disclosing customer information to anyone or any organization without authorization. We strictly regulate the operation process for accessing personal credit reports, and obtaining the prior written authorization of the individual loan applicant and related parties is mandatory for accessing their personal credit reports. Similarly, obtaining prior written authorization from the individuals themselves is also mandatory for providing information on the borrower and related parties to the People's Bank of China's financial information database, and this information must be included in the borrower's contract.

At the same time, we also attach great importance to protecting intellectual property rights. In the operation process, the Company firmly supports genuine products, and all software and information used have legitimate licenses. We refuse to provide or use any products or services that violate copyright or intellectual property rights.

During the Reporting Period, the Company did not violate any laws and regulations related to product liability, data privacy, and intellectual property rights. As the automotive finance products of the Company belong to the service industry, the guidelines on ESG reporting regarding product recalls do not apply.

4. Popularization of financial knowledge



Strengthen anti-money laundering awareness to prevent money laundering risks

During the Reporting Period, Dongzheng AFC continued to promote financial literacy and actively participated in anti-fraud campaigns. While protecting the legitimate rights and interests of consumers, we also conveyed the concept of rational consumption to financial consumers, contributing to the improvement of the social credit system.

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.

The Company strictly abides by the laws and regulations related to anti-corruption and anti-bribery in China, and adopts a zero-tolerance attitude towards any form of corruption. The Company has formulated measures on "Accountability Management Policy" and "Employee Code of Conduct" which stipulate that all employees of the Company must comply with the provisions of laws and regulations and various Company's rules and regulations, abide by professional ethics, and fulfill their duties with due diligence, integrity and self-discipline. The Company requires employees to sign a commitment to integrity and self-discipline in accordance with the relevant requirements stipulated by the Company's regulations on integrity and self-discipline, strictly adhere to relevant regulations, refuse to accept any form of illegal benefits from customers, and strictly prohibit acts such as embezzlement, misappropriation of public funds, bribery, corruption and other misconduct through carrying out their duties. The Company's system also clearly stipulates that employees should enhance their awareness of integrity and compliance, create a clean and upright working atmosphere, and should not engage in any behavior that violates the spirit of the eight-point regulations. Once illegal or irregular behavior is discovered, it should be promptly stopped and dealt with seriously. Employees who violate the law shall be handed over to judicial authorities for legal processing without any tolerance.

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 20 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 community, Dongzheng AFC actively fulfills its social responsibilities, attaches great importance to participating in community construction, and is committed to using its own resources to contribute to society and actively participate in building a cohesive and caring harmonious society. During the Reporting Period, we continued to deepen our inclusive finance work, sorted out the entire process of financial services, and provided more favorable policies for the loan business of used cars and new energy vehicles.

Inclusive Finance

The Company continues to focus on the development plan of inclusive finance. In terms of regulations, the Company has formulated the “Management Measures for Inclusive Finance Work of Shanghai Dongzheng Automotive Finance Co., Ltd.” based on the updates of relevant regulations on inclusive finance by regulatory authorities, the “Management Guidelines for Consumer Rights Protection Work” of the Company and the actual situation of the Company. The Product Department is responsible for leading, coordinating, supervising and guiding all departments to carry out inclusive finance work, while the Compliance Department, Strategy Planning Department, Technology Center, Risk Management Department and Operation Department actively cooperate and coordinate. The measures have clearly defined the responsibilities and work contents of each department participating in inclusive finance, effectively promoting the orderly development of inclusive finance work.

In terms of product design, The Company continues to enrich product types, and launches inclusive financial products for different types of customers.

Product	Introduction
Individual business	Individuals can apply for a business license or company license upon registering as a business entity, and business transaction records can be accepted as supporting materials for credibility.
Farmers	Using channel service providers to reach rural areas, we can accept applications from individuals without credit records and provide inclusive financial services to rural households.
New residents	Those residing for six months is considered residents, and they have the same application conditions as the original residents. For those residing less than six months, the Company supports buying and registering cars in different places and provides high-quality services for new residents.
Commercial loan (logistics)	All models of micro vans, pickups, light trucks, and medium-duty trucks of 18 tons or less are covered. Vehicles can be registered under personal plates, commercial plates, or under the name of a third-party company, to meet the actual business needs of customers.

REPORT DISCLOSURE INDEX

A.Environmental Aspect		Page
Aspect 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.	5-6
	KPI A1.1 The types of emissions and respective emissions data.	5
	KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6
	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6
	KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6
	KPI A1.5 Description of emissions target(s) set and steps taken to achieve them.	5-6
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	6

		Page
Aspects A2: Use of Resources	General Disclosure	7-8
	Policies on the efficient use of resources, including energy, water and other raw materials.	
	KPI A2.1	7
	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).	
	KPI A2.2	7
	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	
	KPI A2.3	7
	Description of energy use efficiency target(s) set and steps taken to achieve them.	
	KPI A2.4	8
	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.	
	KPI A2.5	7
	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	
Aspect A3: The Environment and Natural Resources	General Disclosure	9
	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	
	KPI A3.1	9
	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	
Aspect A4: Climate Change	General Disclosure	9-11
	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	
	KPI A4.1	9
	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	

B. Social		Page
Employment and Labor Practices		
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	12-14
	KPI B1.1 Total workforce by gender, employment type (for example, full-or parttime), age group and geographical region.	12-13
	KPI B1.2 Employee turnover rate by gender, age group and geographical region.	14
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	14
	KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	14
	KPI B2.2 Lost days due to work injury.	14
	KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	14

		Page
Aspect B3: Development and Training	General Disclosure	15
	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	
	KPI B3.1	15
	KPI B3.2	15
Aspect B4: Labour Standards	General Disclosure	15-16
	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	
	KPI B4.1	15
	KPI B4.2	15
Operating Practices		
Aspect B5: Supply Chain Management	General Disclosure	16
	Policies on managing environmental and social risks of the supply chain.	
	KPI B5.1	16
	KPI B5.2	16
	KPI B5.3	16
	KPI B5.4	16

		Page
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	16-19
	KPI B6.1	18
	KPI B6.2	17-18
	KPI B6.3	18
	KPI B6.4	18
	KPI B6.5	17-18
Aspect B7: Anticorruption	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	19-20
	KPI B7.1	20
	KPI B7.2	19
	KPI B7.3	19

		Page
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.	20
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport). 20
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area. 20

