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2023 Corporate Social Responsibility (ESG) Report

Bank of Communications Financial Leasing Co., Ltd.



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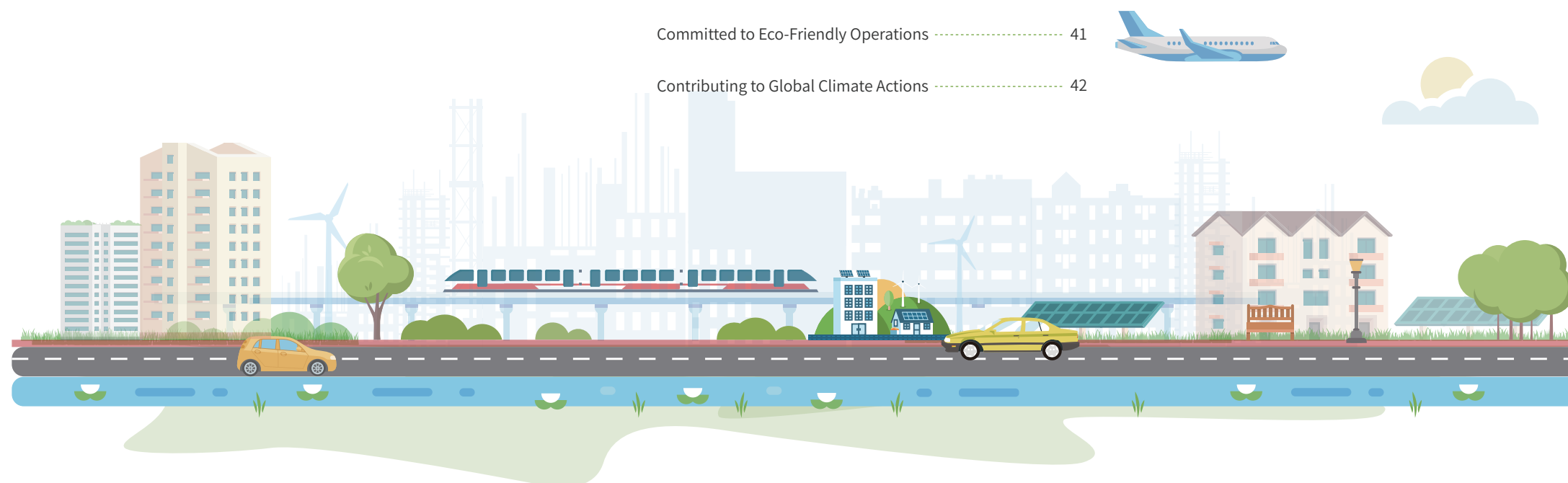
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About This Report

Scope

This Report covers Bank of Communications Financial Leasing Co., Ltd. (BOCOM Leasing) and its subsidiaries. It spans from January 1 to December 31, 2023, and includes additional information beyond the stated reporting period.

Reporting Cycle

BOCOM Leasing issues social responsibility (ESG) reports on an annual basis. This publication represents the first ESG report by BOCOM Leasing.

Data Source

All information and data disclosed in this Report come from publicly available sources, internal documents, and relevant statistical data of BOCOM Leasing.

References

This Report is prepared in accordance with the Guidelines for Environmental Information Disclosure of Financial Institutions (JR/T 0227-2021) issued by the People's Bank of China, and SDG Compass by the United Nations.

Abbreviation

For ease of expression, this Report uses "we", "the Company" or "BOCOM Leasing" to refer to the Bank of Communications Financial Leasing Co., Ltd.

Report Formats

This Report is available in both printed and digital formats. The digital version can be accessed and downloaded from the official BOCOM Leasing website at www.bocomleasing.com.

This Report is published in both Chinese and English. In the event of any discrepancies between the two versions, the Chinese version shall prevail.

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Message from the Leadership

As an extension of the century-old financial brand "Bank of Communications (BOCOM)", BOCOM Leasing actively aligns its operations with national priorities. It is dedicated to serving the real economy and supporting the new "dual circulation" development pattern in which domestic economic cycle plays a leading role while international economic cycle remains an important complement to it. This Report marks BOCOM Leasing's inaugural social responsibility report and its first annual report with a focus on ESG (Environmental, Social, and Governance) management practices. With this Report, we aim to address stakeholder expectations, demonstrate the effectiveness of our ESG practices to stakeholders, and convey our confidence and commitment to advancing high-quality financial development.

In 2023, we seamlessly wove our growth into the broader tapestry of China's modernization. As a pioneer, we advanced in lockstep with the times, committed to high-quality development and a distinctively Chinese approach to financial innovation. In this new phase of our journey, we celebrated the sixteen years of sustained excellence by writing yet another remarkable chapter. Over the year, our registered capital increased to RMB 20 billion, establishing us as the industry leader. We were the first in our sector to see total assets surpass 400 billion, with the balance of leasing assets nearing 360 billion. This growth bolstered our status as the world's largest financial shipowner, with our aviation leasing portfolio breaking the RMB 100 billion mark. Throughout the year, we received a total of 36 accolades from both within and outside the industry, and secured our consecutive title as the "Best Financial Leasing Company" in the Financial Times "G.D.M Gold Medal Award of Chinese Financial Institutions". Our exemplary role in the industry has been consistently reinforced, accompanied by a steady increase in our business strength, market influence, and brand image.

The past year has witnessed the strategic breakthroughs made by BOCOM Leasing through innovation-driven development that contributed to China's goal of becoming a technologically advanced nation. We distinguished ourselves as the only financial leasing company chosen by the former Shanghai Banking Regulatory Bureau for its technology finance pilot program. Leading the charge, we established the Shanghai Financial Leasing Service Laboratory for Integrated Circuits, and launched the first-ever direct leasing project for integrated circuit equipment via a special purpose vehicle (SPV) within the free-trade zone (FTZ). We introduced innovative products such as "Quick Easy Lease" and "Credit Easy Lease," which drove an unprecedented 80-fold increase in our dealings with small and medium-sized tech companies within the "5+1" segment. Additionally, our foray into operating leasing of equipment and facilities had a promising start. Our deliveries of the world's largest container ships and the largest multi-purpose pulp vessels added to the growing momentum of domestic shipbuilding enterprises in overcoming crucial technological challenges, thereby solidifying China's leadership in global shipbuilding.

The past year has seen BOCOM Leasing strengthen its environmental commitment, making decisive contributions to the national "dual carbon" strategy. We achieved a remarkable year-on-year growth of over 300% in new energy business within our equipment and facilities leasing sector. More than half of the ship drawdown in 2023 has been invested in the vessels which achieved the EEDI Phase 3. We also launched our proprietary fleet carbon emissions analysis system, incorporating cutting-edge environmental technologies in all new ship deliveries. Our substantial support for the construction of the world's largest "green hydrogen+" coal-to-olefin project and the successful issuance of our first green financial bond underscore our leadership in the green finance sector. These efforts were recognized with prestigious accolades, including the "2023 ESG Green Finance Model Case in the Banking Industry" by the China Banking and Insurance News and the "2023 Most Influential Green Financial Leasing Brand" at the 9th Green Development Forum by Xinhuanet.

The past year has brought mutual wins through deepened integration and open collaborations of industry and finance at BOCOM Leasing. We forged strategic partnerships with government agencies, key enterprises, and peers in the financial sector such as the Shanghai Municipal Transportation Commission, Haitong Securities, China Construction Bank Shanghai Branch, COSCO SHIPPING Energy, Sinotrans, Spring Airlines, Dishui Lake Advanced Finance Institute of Shanghai University of Finance and Economics, Shanghai Yangtze River Delta Science and Technology Investment Promotion Association, SPDB Financial Leasing, and CES International Financial Leasing. Additionally, we secured contracts for 20 ships with domestic shipyards, representing a total commitment of over RMB 12 billion, which bolstered our collective efforts towards Chinese modernization. During the 6th China International Import Expo, we successfully hosted the shipping finance session at the 6th Hongqiao International Economic Forum. Moreover, we initiated the "China Shipping Leasing Innovation Alliance", and continued our support for the North Bund Forum. These efforts have showcased the strength and dynamism of China's shipping finance to the world.

The past year has underscored BOCOM Leasing's commitment to shared values and social responsibility. Rooted firmly in our core leasing operations, we upheld our responsibilities as a state-owned financial institution, focusing on boosting the efficiency and scope of services to the real economy. This included increasing support for critical sectors such as manufacturing, new energy, and new infrastructure. Additionally, we intensified our marketing efforts to expand domestic partnerships in shipping and aviation, actively aligning with major national strategies such as the Belt and Road Initiative. We also brought heightened attention to the development of agriculture, rural areas, and farmers, working closely with business partners and leveraging financial tools to empower modern agriculture, support rural industry development, and vigorously promote rural revitalization. Additionally, we engaged deeply in social welfare, embracing and promoting socialist core values, and nurturing a financial culture with Chinese characteristics. Through our concrete actions, we strove to enhance people's well-being and contribute to the vision of building a better China. We concentrated on building our company through talent development, transforming into a hub of innovation and a cradle for talent. We provided our employees with ample opportunities for personal and professional growth, enhancing their sense of accomplishment, happiness, and belonging. This strategic focus was aimed at forming a professional, international, and diversified team to drive the high-quality growth of our company.

The year 2024 celebrates the 75th anniversary of the founding of the People's Republic of China. It is also a pivotal year for achieving the goals set forth in the 14th Five-Year Plan. Those who seize the momentum can lead, and those who strategize ahead will surely succeed. We will commit to excelling in five key areas: technology finance, green finance, inclusive finance, pension finance, and digital finance. By doing so, we aim to reach new heights in high-quality development and to make greater contributions towards building a financially strong nation.

About Us

Company Profile

Founded in December 2007, BOCOM Leasing is one of the first five financial leasing companies approved by the State Council and is the wholly-owned subsidiary of BOCOM, with a registered capital of RMB 20 billion. As the extension of financial brands and services of "A century of BOCOM, your wealth management bank", BOCOM Leasing, relying on the advantages of the Group's platform, adhering to the development strategies of "focusing on professionalization, internationalization, differentiation, and specialization", based on a new stage of development, and committed to new ideas of development, actively fulfills its responsibilities as a state-owned financial enterprise, firmly serves the real economy, and gives full play to original features of leasing. Its business scope covers key industries and fields, such as aviation, shipping, public utilities, energy and electricity, and machinery and equipment, so as to fully serve the new development pattern taking the domestic great cycle as the main body and where the domestic and international dual cycles support each other.



In 2023, BOCOM Leasing became the first company in the industry with over RMB 400 billion total assets, and our balance of leasing assets approaching RMB 360 billion. The Company continues to expand brand awareness and influence, holding key positions such as director of the fifth session of the Financial Leasing Committee of the China Banking Association (CBA), and director of the Joint Meeting of Financial Leasing Institutions in Shanghai under the Shanghai Banking Association.



2023 Highlights

Enhanced operational performance

- Total assets exceeded RMB **400** billion
- Balance of leasing assets approached RMB **360** billion
- Remained the **world's largest** financial shipowner
- Aviation leasing assets surpassed RMB **100** billion

Continuously strengthened regional synergy

- In the Yangtze River Delta, the Company's balance of leasing assets increased to RMB **48.9** billion, up **30%** since the start of the year.
- In Shanghai, the balance of leasing assets increased to RMB **31.1** billion, up **23%** since the start of the year.

Sustainable green leasing services

- In the ship drawdown, **50%** has been invested in the vessels which achieved the EEDI Phase 3. Over **150** ships, or about one-third of our fleet, are EEDI phase 3 compliant.
- In the aviation leasing segment, we successfully deployed **100%** new technology aircraft models for the first time in the whole year, raising the proportion of new models in the fleet from **32%** at the end of 2022 to **43%**.
- We innovated by establishing the New Infrastructure (New Energy) Leasing Business Center and introducing the **"Younergy Lease" 1+N** business model. This resulted in an impressive year-on-year increase of over **300%** in investments within the leasing sector of new energy-powered equipment and facilities.
- We successfully issued our first green financial bond valued at RMB **3** billion, setting the **lowest interest rate** for RMB bond issuances in the company's history and the **lowest issuance rate** in the financial leasing industry in 2023.

Honors

No.	Award	Granted By
1	Best Financial Leasing Company of the Year in the "2022 G.D.M Gold Medal Award of Chinese Financial Institutions"	Financial Times
2	Best Financial Leasing Company of the Year in the "2023 G.D.M Gold Medal Award of Chinese Financial Institutions"	Financial Times
3	First Prize of the 2023 (9th) State-Owned Enterprise Management Innovation Achievement Award	The Chinese Institute of Business Administration, the State-Owned Assets Governance Research Committee of China Society of Public Finance, Innovation World Weekly, and China State-Owned Enterprise Management
4	Best Financial Leasing Company of the Year	Global Leasing Industry Competitiveness Forum, the 2023 (6th) China Financial Leasing "Tengfei Award " Review Panel
5	2023 ESG Green Finance Model Case in the Banking Industry	China Banking and Insurance News
6	2023 Most Influential Green Financial Leasing Brand	Xinhuanet
7	Nominee for the Shanghai Financial Innovation Award (Innovative leasing solutions for the Shanghai International Shipping Center)	Shanghai Municipal People's Government
8	2023 Award of Outstanding Contribution to the Financial Industry of Pudong New Area	People's Government of Pudong New Area, Shanghai
9	2022 Award of Outstanding Contribution to Economy of Pudong New Area	People's Government of Pudong New Area, Shanghai
10	2022 Award of Outstanding Contribution to Economy of Pudong New Area (BOCOM Leasing's aviation and shipping leasing business)	People's Government of Pudong New Area, Shanghai
11	Model Unit in Statistical Work	Shanghai Pudong New Area Bureau of Statistics
12	2023 Outstanding Case of Chinese FinTech Innovation (BOCOM Leasing's Aviation and Shipping Risk Management Platform)	People's Daily, International Finance News
13	Organization of Significant Contribution to Shanghai's Banking Industry	Shanghai Banking Association
14	Outstanding Case of Inclusive Financial Service in Shanghai's Banking Industry (Direct leasing of household solar power systems in rural areas)	Shanghai Banking Association
15	Outstanding Case of Financial Service in Shanghai's Banking Industry for Supporting the Integrated Development of the Yangtze River Delta (Lease renewal for China Cargo Airlines from operating leasing to financial leasing)	Shanghai Banking Association
16	Outstanding Case of Financial Service in Shanghai's Banking Industry for Supporting Pudong's Development into a Leading Area (The Donghai Bridge "5G+L4 intelligent heavy-duty truck" direct leasing project)	Shanghai Banking Association
17	Outstanding Case of Green Finance in Shanghai's Banking Industry for Supporting the Dual Carbon Strategy (Green shipping: operating leasing of dual fuel-powered PCTC)	Shanghai Banking Association
18	Outstanding Case of Digital Transformation in Shanghai's Banking Industry (Aviation and shipping risk monitoring system)	Shanghai Banking Association
19	Innovative Service Case of New-Type International Trade and Free Trade in Shanghai's Banking Industry (China's first-ever offshore ESG bond from a financial institution in an FTZ)	Shanghai Banking Association

20	Outstanding Case of Human Resources Development Practices in Shanghai's Banking Industry (International talent management practices)	Shanghai Banking Association
21	Outstanding Organization for News Publicity in Shanghai's Banking Industry	Shanghai Banking Association
22	"Jinquan Award" - Best Indirect Financing Innovation of the Year	Shanghai Financial Leasing Association
23	2022 Forbes Award for Leading Company in the Financial Leasing Industry	Forbes China
24	Forbes China Top 50 Companies in Financial Leasing	Forbes China
25	Outstanding Contribution by a Financial Leasing Enterprise in Yangtze River Delta	Jiangsu Association of Financial Leasing, Shanghai Financial Leasing Association, Zhejiang Leasing Association, Anhui Finance Leasing Enterprises Association
26	Outstanding Case of Financial Leasing in Yangtze River Delta (Financial leasing project for container ships involved in "Domestic Goods Transportation, Domestic Ship Manufacturing, and Domestic Energy Transportation" initiative)	Jiangsu Association of Financial Leasing, Shanghai Financial Leasing Association, Zhejiang Leasing Association, Anhui Finance Leasing Enterprises Association
27	2023 Top 10 Leading Enterprises in the Financial Industry	2023 (6th) China Economic Conference (Global Times)
28	2023 China Financial Leasing Rankings: Company of the Year	2023 China Financial Leasing Rankings, 2023 (16th) China Financial Leasing Annual Conference
29	2023 Exceptional Achievement for China Financial Leasing	China International Finance Forum Organizing Committee
30	At the Forefront: Business Innovation in Yangtze River Delta (2022)	Shanghai Yangtze River Delta Institute of Business Innovation
31	Merit Award in the "Outstanding Achievements in Supporting the Construction of Sci-Tech Innovation Centers through Financial Services in Shanghai"	Shanghai Financial Services Fair
32	Outstanding Financial Leasing Company	JRJ.com
33	Public Welfare Communication Award	Nanfeng Daily
34	2023 Best Financial Service Institution for Transportation	China Communications and Transportation of Association, People's Transportation Magazine
35	2023 Top 100 Enterprises for New Transportation Business Model	People's Transportation Magazine
36	2022 Top 10 Ships	Zheng He Maritime Achievements List



Governance

—Laying a Solid Foundation for Development



Effective corporate governance is not only the core of modern financial enterprise systems, but also a crucial tool for managing financial risks and ensuring stability. BOCOM Leasing keeps improving its corporate governance structures. We are committed to commercial compliance and business ethics, and strive to strengthen risk management, enhance data governance, and build a solid foundation for future growth.

Contributing to the United Nations Sustainable Development Goals (SDGs)

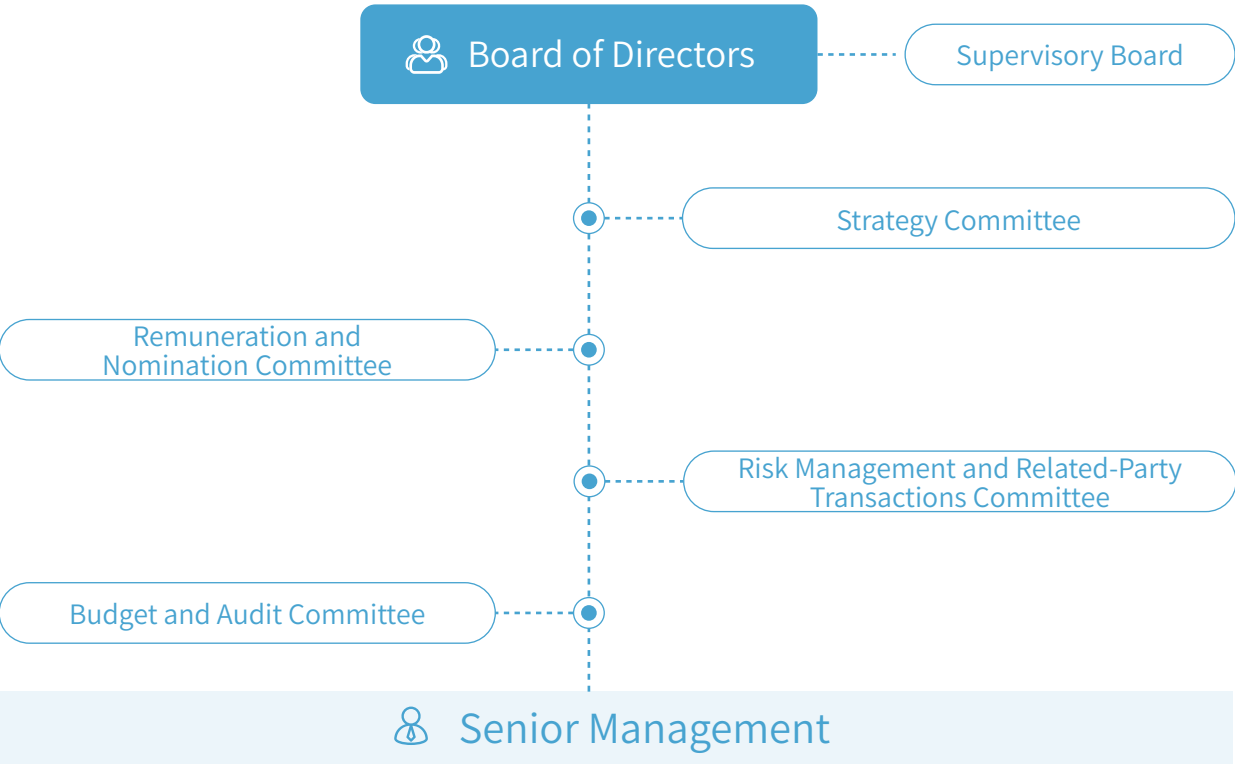


- Exceptional Governance Mechanism
- Comprehensive Risk Management
- Enhancing Compliance Framework
- Deepening Data Governance



Exceptional Governance Mechanism

BOCOM Leasing continuously strengthens its corporate governance framework, mechanisms, and culture to foster high-quality business transformation. The Company has established and optimized a standardized governance structure with the Board of Directors making strategic decisions, the Supervisory Board overseeing legal compliance, and senior management handling business authorizations. The Company values diversity and professionalism within its Board of Directors and Supervisory Board, both composed of individuals with professional financial knowledge, investment experience, and industry relevance. As the first wholly-owned financial leasing firm to adopt the system of independent directors, BOCOM Leasing empowers these directors to lead the specialized committees of the Board. The Company also continuously improves the "two boards + senior management" arrangement to ensure professional, independent, and objective oversight, while maintaining a desired balance of power. In 2023, the Company met rigorous regulatory standards, enhanced the strategic decision-making function of the Board, appointed a secretary to the Board, and further refined its Board structure.



▲ BOCOM Leasing's governance structure

Comprehensive Risk Management

Risk Management and Related-Party Transactions Committee under the Board of Director is responsible for reviewing the Company's basic risk management policies, annual risk preference setting, and compliance management policies. The senior management has established a Comprehensive Risk and Internal Control Management Committee to coordinate the establishment and oversee the implementation of various risk management strategies and objectives. Additionally, the Supervisory Board continuously supervises the Board of Director and senior management in promoting comprehensive risk management. In response to changes in both the internal and external environments, and in line with our actual development situation, we conduct a thorough analysis of potential risks and their root causes. This can enable us to continuously refine risk response strategies, progressively achieving risk mitigation and avoidance.

Major Potential Risk

Risk Prevention and Mitigation Measures

Credit risk

During the reporting period, to effectively prevent and mitigate credit risks, we implemented standardized management across all stages of the leasing business process. These stages include investigating and applying for leasing projects, scrutinizing and approving leases, disbursing financial leasing funds, monitoring post-lease activities, and managing non-performing finance lease receivables. Relied on our internal rating system, along with relevant credit risk management policies and procedures, risk monitoring systems, lease portfolio management, and optimization of leasing asset structures, we promptly and effectively identified, monitored, and managed potential credit risks across the Company. Additionally, we controlled potential credit risks through various strategies, such as categorized risk management, credit limit management, risk mitigation measures, and provisions for asset impairment.

Liquidity risk

During the reporting period, our liquidity risk management strategy was tailored specifically to our leasing operations. This strategy includes monthly monitoring of future cash flows and producing liquidity gap analysis reports to facilitate routine financial management. We also monitored the asset liquidity ratio to ensure it meets corporate and regulatory standards, and strategically managed debt maturity concentrations. Collaborative agreements with banks have been established to develop robust contingency plans. To address potential liquidity shortages, we utilized methods such as interbank lending and pledge-style repo agreements. Additionally, our strategy includes issuing medium-to-long term bonds to enhance our asset-liability structure in the medium to long term, with plans for additional issuance at strategically opportune times. Moreover, we regularly conduct liquidity stress testing in all major currencies, including the USD, along with emergency drills for liquidity risks, to strengthen our management of such risks.

Market risk

During the reporting period, our market risks arose mostly from interest rate fluctuations and foreign exchange volatility. In response, we have developed policies tailored to both market conditions and internal circumstances. We monitored and measured market risks and reported quarterly to senior management. These policies were strictly enforced to enable real-time monitoring of the inherent risks in financial operations. We employed various measurement techniques, including interest rate sensitivity gap analysis, duration gap analysis, and foreign exchange exposure analysis. In compliance with the Basel Accords, we also used stress testing and scenario analysis as additional tools to measure market risks. Additionally, we regularly monitored and assessed the impact of interest rate changes on net interest income and net asset value. Furthermore, we periodically conducted stress testing for interest rate and exchange rate risks to effectively mitigate the impact on profitability.

Operational risk management and internal control

During the reporting period, we have established processes and robust systems for leasing business management, financial accounting, HR & payroll management, and other aspects, supplemented by relevant information systems. These frameworks ensured the separation of duties and effective checks and balances, continuously enhancing oversight and actively mitigating operating risks.

The Company has strengthened its operational risk management by developing the BOCOM Leasing Operational Risk Event Management Measures, which standardizes the management of operational risk events and ensures continuous monitoring. We conduct operational risk matrix assessments on a quarterly basis and enhance the subsequent application of these assessments. Additionally, we carry out reviews to identify incompatible positions, update the list of such positions, and clarify their job descriptions. We also manage outsourcing risks and regularly update the outsourcing risk management list.

In line with practical business operation and management needs, regulatory requirements, and the overarching policies set by BOCOM, we consistently update our institutional structure and periodically reassess our management systems. These reviews aim to refine our management focus, clarify requirements, delineate lines of business control, and enhance management effectiveness. We intensify case prevention management, promptly implementing regulatory case prevention policies. We have organized various initiatives, including campaigns against telecommunication and online fraud, special case prevention actions, and outreach programs on case prevention policies. Additionally, we conduct educational sessions using "Cases of Financial Leasing Companies" to enhance all employees' awareness of case prevention and compliance principles. We have developed and issued the BOCOM Leasing Employee Misconduct Management Measures, and strengthened the application of information technology in our processes. This includes employing the "Smart Case Prevention" system for regular audits of employee misconduct alerts, thereby effectively mitigating associated risks.

During the reporting period, the Company led its strategic direction, actively driving high-quality development by formulating the *BOCOM Leasing Business Development Strategy (2023-2025)*. Additionally, we have updated our development outline and risk management strategy for the "14th Five-Year" period to strengthen strategic risk control.

During the reporting period, the Company placed high emphasis on building a compliance culture, strictly adhering to regulatory requirements and operating within the scope authorized by the Board of Directors. We maintain regular communications with regulatory authorities and routinely conduct compliance (including anti-money laundering) management and inspections. The Company conducts legal compliance reviews for each leasing project and pushes forward with self-assessments of money laundering risks in financial institutions. We routinely conduct anti-money laundering inspections to ensure effective compliance risk control.

During the reporting period, the Company continued its vigilant monitoring of concentration risks. The exposures of both the largest single customer and the largest single group met regulatory standards. We conducted thorough risk assessments in key industries and regions, identifying and monitoring concentration risks related to industry, region, and liability business. Overall, the Company effectively kept its industry, regional, and liability concentration risks at a controllable level.

During the reporting period, the Company also intensified its management of information technology risks. This involved conducting comprehensive evaluations of information systems, enforcing network security policies, and organizing network security awareness training sessions, including annual training for all employees and targeted training for staff on overseas platforms. These measures effectively controlled and mitigated information technology risks.

During the reporting period, the Company advanced its management of innovative business segments and thoroughly analyzed the characteristics of transformative business models. We also enhanced the evaluation of new business initiatives and improved our ability to identify and control related risks. Our goal is to support the development and transformation of our business operations through robust risk management practices.

Other risk

During the reporting period, the Company conducted quarterly evaluations to detect potential reputational risks and thoroughly investigated areas vulnerable to such risks, including business expansions that leverage the Company's brand reputation, customer complaints, petitions, and employee misconduct. We also rigorously reviewed our reputational risk management mechanisms to ensure timely reporting and resolution of reputation issues, preventing any escalation that could negatively impact the Company.

▲ BOCOM Leasing's Major Risks

Enhancing Compliance Framework

The Company prioritizes compliance management, adhering strictly to legal and regulatory requirements, supervisory policies, and BOCOM's compliance policies. We have standardized our compliance management framework through the establishment of BOCOM Leasing Compliance Management Measures. This includes a robust organizational structure and three strengthened lines of defense to enhance the quality and efficiency of risk management. During the reporting period, we incurred no regulatory penalties that significantly impacted our operations and management.

Compliance Management Priorities in 2023

-  We implemented rigorous project review processes, enhanced the eligibility management of leased assets, and continually improved internal regulations to meet regulatory compliance requirements.
-  We strengthened anti-money laundering measures, optimized our risk assessment model, enhanced system development and technical support, and fulfilled legal obligations related to anti-money laundering.
-  We enhanced the management of regulations, authorizations, and stamps by revising internal regulations and conducting specialized inspections.
-  We effectively managed internal and related-party transactions, refined management requirements for related-party transactions, and reviewed and approved major related-party transactions, as well as completed data reporting, in a timely manner.
-  We further strengthened our overseas compliance management, developed strategies to enhance operational risk management abroad, and improved the monitoring and sharing of compliance information from overseas operations.
-  We established stable and effective compliance feedback channels in the major countries and regions where we operate.

Compliance Management

We continuously strengthen our three lines of defense for compliance management.

- The functional and operational departments form the first line of defense, responsible for enforcing compliance requirements within their respective departmental areas and operations.
- The Legal and Compliance Department, serving as the department for compliance management, constitutes the second line, carrying out specific compliance management tasks.
- The Audit Department represents the third line of defense, independently monitoring and evaluating the Company's compliance management across all departments. It conducts audits of the compliance management system and the fulfillment of compliance management duties by the compliance management department.

Anti-Money Laundering (AML)

The Company vigorously complies with the AML regulations set by relevant authorities and BOCOM. We have established a robust framework and policies for managing money laundering risks and promoted a "risk-based, compliance-first" culture to advance our AML goals. Additionally, we enhance compliance risk controls in key international regions, critical sectors, and primary processes. We clearly align our AML responsibilities across both domestic and international operations, diligently fulfilling our obligations.



2023 Key Measures for AML

Enhancing AML management framework

We convened meetings of the Comprehensive Risk Management and Internal Control Committee to review and deliberate on our quarterly AML progress and the latest developments on domestic and international AML actions, and to strategize our upcoming AML efforts.

Utilizing IT tools for AML risk management

We upgraded the AML system to identify clients and their beneficial owners, assess clients' money laundering risk levels, report suspicious transaction activities, and screen names against watchlists.

Strengthen the construction of AML culture

We collected important information on AML initiatives at home and abroad, as well as sanctions, on a quarterly basis, including updates on domestic penalties and new AML legislation. We compiled such information into the AML Information Digest and distributed it among employees.

Anti-Corruption

Institutionalizing anti-corruption management

We focus on "key individuals", "critical positions" and "key processes" to enhance and solidify routine supervision. We actively advance improvements across all corporate supervision systems to foster synergy in oversight in various aspects. On a quarterly basis, we hold joint meetings on disciplinary inspection and supervision to comprehensively assess corporate integrity risks. These meetings provide risk warnings for emerging and potential corruption issues, enhancing the exchange and integration of supervision information and improving oversight effectiveness.

Strengthening clean governance at the source

We ramp up efforts in mitigating integrity risks in critical areas and addressing vulnerabilities and deficiencies in our management systems. We conduct thorough risk assessments in our operating leasing business and systematically analyze business processes and integrity risk points. Our goal is to significantly enhance the quality and effectiveness of risk management throughout our leasing operations, effectively preventing integrity risks in critical areas through robust systems and scientifically sound mechanisms.

Deepening Data Governance

We have established a comprehensive data quality management system and an information security management framework, continuously enhancing the management of emergency response processes, and fully integrating information security into the corporate culture. We are committed to providing our customers with stable, reliable, secure, and trustworthy products and services.

Enhancing Data Quality

The Company has established a steering group dedicated to the governance of regulatory data quality. This group is responsible for leading efforts in reporting regulatory statistics, as well as overseeing data governance and management. It reviews data governance policies and regulations and coordinates decision-making on data management and applications, financial statistics standardization, and other significant matters. The Company has printed and issued various documents, such as the Implementation Rules for Data Quality Management in Leasing Business Systems, Data Governance Implementation Rules, Operational Management Methods for the Integrated Reporting Platform System, Regulatory Statistics Quality Management Methods, Data Standards, and Data Standards Management Methods. These documents are regularly updated to align with business developments and regulatory requirements.

We regularly organize self-inspections among relevant business units and management departments to examine the quality of their regulatory statistics, integrate data governance into performance evaluations, and improve the awareness and capabilities of data quality management through ongoing inspections, rectifications, and assessments. Based on the self-inspection results and actual data management conditions, we continually refine and optimize our data quality management practices and processes to adapt to the evolving environment and needs.

Main work measures in 2023

We developed and issued the *BOCOMleasing Data Standa'ds (2023)* according to the Company's infonation construction plan.

By developing digital systems, we enabled automatic data ver fi cationand anomaly alerts based on intra-table and inter-table validation rules.

Ensuring Information Security

The Company has established a comprehensive set of rules and regulations to ensure information security, including the Information Security Management Regulations, Data Security Management Methods, Data Leakage Prevention System Management Methods, Implementation Rules for Outsourcing Risk Management, Cybersecurity Emergency Response Plan, and Implementation Rules for Information System Production Event Management.

Ensure network security and data security

We have standardized the development of our network and data security systems, improved the overall network and data security management, and reduced associated risks.

Develop emergency plans

The Implementation Rules for Information System Production Event Management provides event classification rules and measures, specifying the organizational structure and responsibilities for emergency response. The document standardizes the production event management processes, thus improving event handling efficiency and ensuring the secure, stable, and efficient operation of our information systems.

All business systems are equipped with emergency plans that are regularly reviewed, updated, and tested through drills to ensure preparedness for possible emergencies.

Standardize data reporting

The Company has tightened controls over its reporting processes to prevent delays, errors, and omissions. Departments responsible for regulatory statistics reporting have jointly established and maintained a robust reporting process, and assigned dedicated personnel to handle the reporting, thereby ensuring smooth and timely communication both internally and externally.

The data can still be reported promptly through manual means or personal delivery if automated systems fail and cannot be immediately recovered, or if reporting channels are disrupted.



Economy

—Serving National Strategies



BOCOM Leasing always aligns its business goals with social interests. In response to evolving socio-economic demands, the Company constantly innovates its business models in six primary sectors: shipping, aviation, energy and electricity, equipment manufacturing, and people's well-being and consumption, etc. We offer timely and effective financial leasing services, aiming to catalyze economic growth through financial tools and demonstrate the unique benefits of financial leasing.

Contributing to the United Nations Sustainable Development Goals (SDGs)



- Supporting a Strong National Transportation Network
- Supporting the Real Economy
- Improving People's Well-Being




Supporting a Strong National Transportation Network

Transportation is a sector of fundamental, pioneering, and strategic importance in the national economy. It plays a crucial role in the service sector and is integral to the modern economic system. BOCOM Leasing actively implements the national strategy of building a country with a strong transportation network, leveraging its strengths in shipping leasing and aviation leasing to support the transformation and upgrading of the transportation industry.

Shipping leasing

- We strategically prioritize our shipping leasing operations, which cover a complete range of vessel types. These include bulk carriers, tankers, container ships, gas carriers, Ro-Ro ships, engineering vessels, asphalt carriers, dredgers, and submarine operation vessels.
- In 2023, we successfully delivered the world's largest container ships and the largest multi-purpose pulp vessels, continually supporting domestic shipbuilders in overcoming critical technological barriers.

	Shipping assets RMB 120 bn+	Fleet size 447 ships	World's largest Financial shipowner
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Aviation leasing

- Our aviation leasing operations are global. We leverage both domestic and international business platforms to engage in various aircraft leasing modes, such as operating leasing and financial leasing. Our primary focus is on the operating leases of commercial aircraft, including regional and business jets.
- The Company boasts a team of international experts who are highly skilled in aviation and experienced in both the leasing and financial sectors. This team possesses comprehensive capabilities in managing the entire lifecycle of aircraft assets and in developing tailored financial solutions.

	Aviation assets RMB 100 bn+	Owned and managed fleet 307 aircraft	By asset size globally 9 th place	Clients at home and abroad Approx. 80
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Honors and Awards



In 2023, BOCOM Leasing was honored with the "2023 Best Financial Service Institution for Transportation" award at the 2023 China Logistics High-Quality Ecological Development Conference and ESG Summit Forum. This event was hosted by the People's Transportation magazine, under the guidance of the China Communications and Transportation Association.

Case

Supporting COMAC C919's market entry and enhancing financial infrastructure for domestically manufactured aircraft

As early as 2011, BOCOM Leasing signed an agreement with COMAC to be a launching customer of C919, becoming one of the first domestic financial leasing companies to order home-built aircraft. For more than a decade, we have leveraged our integrated operations and global services, pooling resources of BOCOM to provide comprehensive support across the domestic aviation industry. This includes contributions to the industrial supply chain, cross-border capital and aircraft leasing sectors. We have consistently empowered innovation, added value, and expanded the civil aircraft industry chain in China.

- In **2011**, BOCOM Leasing signed the C919 Aircraft Initial User Agreement with COMAC, becoming one of the first users of the C919 aircraft.
- In **2019**, BOCOM Leasing delivered an ARJ21 aircraft to Chengdu Airlines via an SPV in the Shanghai Pilot Free Trade Zone.
- In **2022**, BOCOM Aviation Ireland signed a letter of intent with COMAC to order 50 C919 and 10 ARJ21 aircraft, making BOCOM Aviation Ireland the first overseas leasing platform with a secured order for the C919.
- In **2023**, the C919 aircraft successfully completed the entire process of research and development, manufacturing, certification, and operational deployment, achieving its first-ever commercial passenger flight globally. This landmark event heralds a new chapter and a fresh journey for Chinese civil aviation, demonstrating the advanced capabilities of China's aerospace industry to the world.





Case

"Yu'an" vessel officially delivered, propelling advanced ships into the deep blue

In December 2023, BOCOM Leasing, together with Chipolbrok and Yu'an Logistics, held a naming and delivery ceremony for the "Yu'an" vessel at Taizhou Port Shipbuilding. "Yu'an" is the fifth multi-purpose heavy-lift vessel developed through collaboration between BOCOM Leasing and Chipolbrok, currently the largest of its kind globally by tonnage. It stands as a leading example of the new generation of multi-purpose heavy-lift vessels, and was previously featured in the Royal Institution of Naval Architects' *Significant Ships of 2021*.

Moving forward, BOCOM Leasing will further explore the sub-sectors of heavy-lift vessels, and strengthen business synergy with Chipolbrok. This partnership will extend deeply into new ship investment, ship leasing, ship management, and comprehensive supply chain logistics service platforms. Our objective is to provide service solutions that strengthen practical cooperation between China and Poland in the transportation sector.



Case

Innovating digital financial tools to support high-quality aviation and shipping development



In April 2023, BOCOM Leasing unveiled the "Aviation and Shipping Risk Management Platform" at the first National Industry and Finance Cooperation Conference. The platform is the first of its kind in China's financial leasing sector, combining artificial intelligence, big data models, and Internet of Things technologies. It's specifically designed to facilitate digital transformation in the shipping and aviation sectors, with a focus on managing lessee credit risks. The platform integrates extensive data on shipping assets—including locations, routes, and utilization rates—with information on aviation and shipping management and operations. By applying our proprietary data analysis models, we maximize the value extracted from the data. This allows us to expand our focus from monitoring asset risks to managing credit risks, ensuring thorough oversight of both asset and lessee risks and bolstering our credit risk management strategies in the shipping and aviation sectors.



Energy and electricity

- Green and low-carbon energy transition is pivotal for achieving "carbon peaking and carbon neutrality" goals. BOCOM Leasing continuously innovates its financial products to support this transition. The Company has invested heavily in the coal, electricity, and renewable energy sectors, among others, contributing to the development of an energy system that is clean, low-carbon, safe and efficient.



Equipment manufacturing

- Manufacturing is the backbone of the real economy and the foundation of high-quality development. With years of extensive experience in equipment financial leasing, we provide financial leasing services for large machinery to empower technological advancement and iterations of core equipment. Additionally, we offer flexible financial leasing solutions to SMEs and other end-users, catalyzing significant growth in the domestic manufacturing industry.

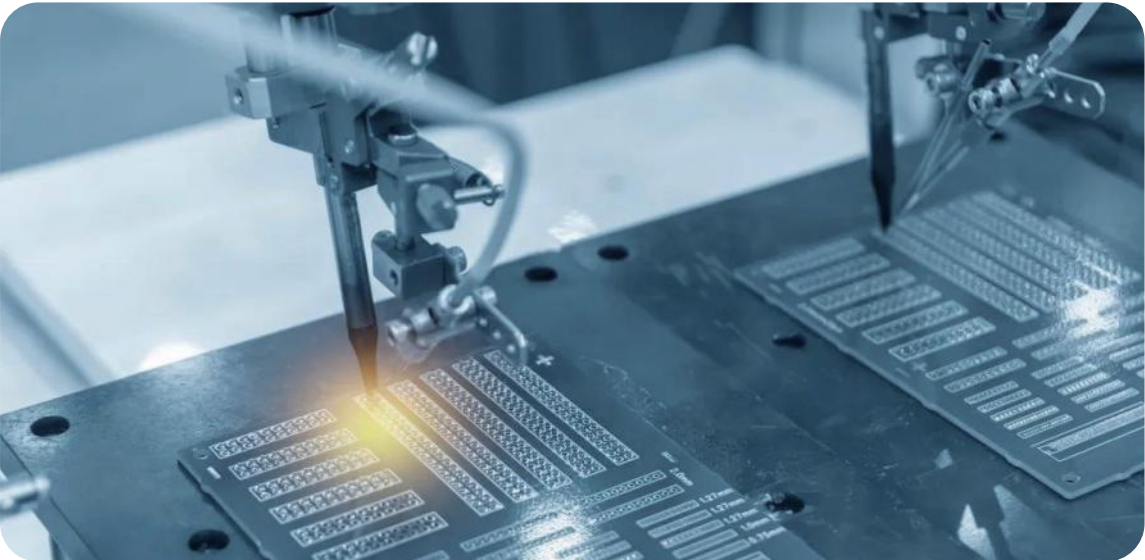


Case

Fostering high-level technological self-reliance with "Tech Easy Leasing"

During the 6th Hongqiao International Economic Forum, BOCOM Leasing unveiled its pivotal "Tech Easy Leasing" product series at the Member Session on Sci-Tech Finance and the "BoCom Technological Innovation" brand launch. The Company innovatively introduced a specialized sci-tech leasing task force and rolled out "Quick Easy Leasing" and "Credit Easy Leasing" to enable broader access to efficient financial leasing services for more sci-tech SMEs and enhance finance availability. In addition, BOCOM Leasing innovated the FTZ SPV model, partnering with integrated circuit industry players to fuse finance with industry and expedite the equipment procurement process.

In 2023, we established an SPV in Shanghai FTZ's Lingang Special Area, and initiated the first-ever direct leasing project for integrated circuit equipment via an SPV within the FTZ. This project helped Suzhou Xinyu'an Electronic Technology Co., Ltd. acquire eight wafer testing probe stations.



Supporting the Real Economy

BOCOM Leasing actively answers the call to support the real economy by efficiently directing financial liquidity into corporate entities, channeling funds and services for their benefit. The Company actively contributes to the stable development of the national energy supply system and supports the transformation and upgrading of both advanced and traditional manufacturing sectors. We fully leverage our professional expertise in areas such as green energy and inclusive sci-tech innovation.



Honors and Awards

In 2023, BOCOM Leasing won a Merit Award in the "Outstanding Achievements in Supporting the Construction of Sci-Tech Innovation Centers through Financial Services in Shanghai" at the 17th Shanghai Financial Services Fair.



Case

Enhancing new energy industries through post-sale leaseback services

BOCOM Leasing continues to address the challenges of expensive, slow, and cumbersome financing in the battery industry. We have launched several projects to facilitate the transfer, adaptation, and evolution of this sector. In May 2023, we renewed our partnership with Tangshan Gotion Battery Co., Ltd. through a post-sale leaseback arrangement. The proceeds are used to support the construction of the Tangshan Gotion Phase III 4 GWh production line, which primarily serves Huawei's 5G base stations, various electric vehicle models, and energy storage stations. Moving forward, the Company will maintain its commitment to energy conservation, environmental protection, new energy, and other critical emerging industries of strategic importance for China. BOCOM Leasing aims to propel the new energy sector forward with innovative financial solutions, bolstering global development through forward-looking strategies.

Improving People's Well-Being

We take the consumer-focused industries as a foundational pillar of our equipment and facilities leasing business area. Our operations involve a wide range of urban utility services, including water and gas supply, wastewater treatment, heat supply, fuel gas, and public transportation. This segment is aimed at facilitating urban renewal and expanding domestic demand, providing sustained support to key consumer-oriented enterprises at all levels to meet the ongoing needs of the people.



Case

Enhancing urban rail infrastructure development

In April 2023, BOCOM Leasing responded to the urgent financial needs for subway construction and related equipment from a subway construction company in Dalian. The Company actively coordinated with the BOCOM Dalian Branch to develop a financial solution for the client. We also established a fast-track process, ensuring the smooth completion of a lease amounting to RMB 300 million on May 20. This project ensures robust support for the ongoing development of urban transportation infrastructure, thereby significantly boosting the economic activity within the transportation sector. It reinforced the foundation of urban development and increased the overall momentum.



Case

Geothermal heating project brings warmth to Xiong'an residents

As a type of renewable energy, geothermal energy offers many benefits, including zero pollution and low operational costs. In 2023, BOCOM Leasing and the BOCOM Xiong'an Branch collaborated to launch their first project in the Xiong'an New Area. This partnership produced a tailored financial leasing service scheme for the new energy infrastructure project of Sinopec Green Energy Geothermal Development Co., Ltd. ("SGE"). As the end of 2023, SGE had expanded its heating coverage to nearly 7.7 million square meters across the three counties of Xiong'an.



Environment

—Safeguarding Our Natural Resources



BOCOM Leasing insists on incorporating the concepts of green development into core corporate values. We capitalize on the unique synergy between industry and finance in our leasing operations, focusing on a development direction that is strongly linked to physical assets and specific industries. We also thoroughly explore the diverse, specialized, and detailed needs of the green sector, striving to innovate green financial products and services.

Contributing to the United Nations Sustainable Development Goals (SDGs)



- Enhancing the Low-Carbon Governance Structure
- Strengthening Green Systems
- Identifying Environmental Risks and Opportunities
- Enhancing Green Financial Services
- Environmental Impact of Green Finance Activities
- Committed to Eco-Friendly Operations
- Contributing to Global Climate Actions



Enhancing the Low-Carbon Governance Structure

We have established the BOCOM Leasing Green Finance Development Committee, committed to continuously enhancing our green finance governance system and advancing the high-quality development of our green finance operations.

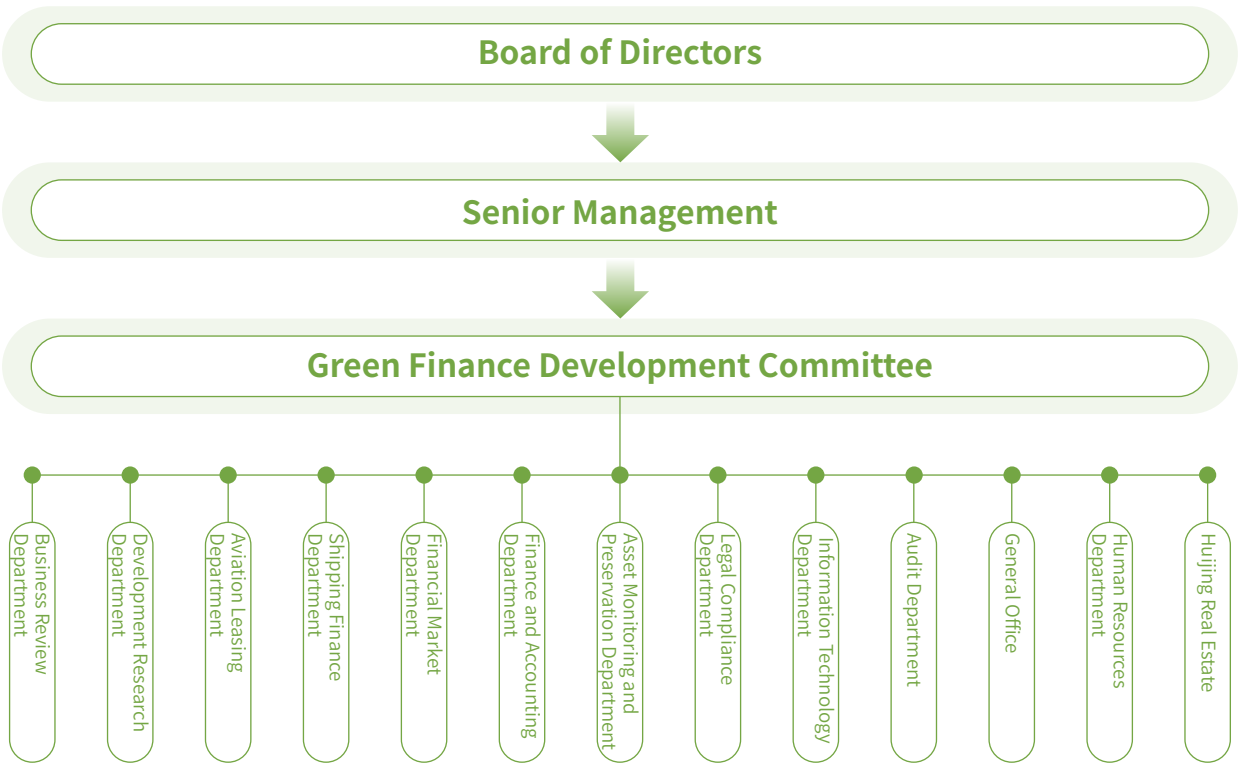
Board of Directors

The Board of Directors strengthens its strategic guidance by fully embracing green development, making it our underlying theme. At the strategic level, the Board intensifies support for green, low-carbon, and circular economies, guiding senior management in developing strategies such as the *Action Plan for Promoting Green Finance Development and Serving the Dual Carbon Goals (2023)*, in a bid to integrate green, low-carbon concepts into all aspects of operations and management.

In 2023, the Board held meetings to deliberate on five proposals related to green finance, established the overarching plan for the Company's green finance efforts, and guided and supervised senior management in green finance initiatives. The Board includes a Strategy Committee, which conducts professional research to inform the decision-making process. In 2023, the committee conducted preliminary studies on two proposals related to green finance, offering insights that helped the Board enhance its strategic decision-making and shape a new direction for the Company's green development.

Senior Management

The Company has established the Green Finance Development Committee, which serves as a permanent platform for deliberation and coordination within our management and operation framework. The committee decides on major policies and addresses critical issues related to green finance. The Company president serves as the chair, while the leaders responsible for evaluation, review, and risk management act as vice-chairs. The committee members include the heads of various departments and units: Business Review Department, Development Research Department, Aviation Leasing Department, Shipping Finance Department, Financial Market Department, Finance and Accounting Department, Asset Monitoring and Preservation Department, Legal Compliance Department, Information Technology Department, Audit Department, General Office, Human Resources Department, and Huijing Real Estate. The Company innovated beyond traditional models by establishing the New Infrastructure (New Energy) Leasing Business Center. The center adopts a flat, specialized, and distinctive organizational management approach to fuel sustained innovation in business models and financial products.



▲ BOCOM Leasing's Green Financial Management Structure

The Company systematically implements green finance initiatives, integrating green finance elements into the operations of various business units. The main units involved and their respective responsibilities are shown in the following table.

Department	Responsibilities	2023 Highlights
Business Review Department	<ul style="list-style-type: none">Developing green finance policies, regulations and investment strategies to foster the growth of green financial services.Leading the self-assessment of green finance in accordance with regulatory requirements and BOCOM's directives.Enhancing the management of environmental and social risks of domestic and international clients during the business review and approval processes.	<ul style="list-style-type: none">Established a series of internal regulations and policies, including the <i>Green Finance Implementation Measures and the 2023 Industry (Regional) Investment Strategy</i>, to standardize the review and inspection of green finance operations.Integrated ESG risk management into the comprehensive risk management system for leasing operations.
Development Research Department	<ul style="list-style-type: none">Promoting the development of green finance business and innovation in products and services, guiding front-end business departments in strengthening environmental and social risk management for clients.	<ul style="list-style-type: none">Focused on commercial and industrial solar power systems and the end-user energy storage market, established a specialized research team, and enhanced industry and policy research to develop business plans that facilitate the implementation of related innovative businesses.Revised and optimized standards, such as the Due Diligence Guidelines, to incorporate client-specific environmental and social risk considerations into every aspect of business chain.
Aviation Leasing Department	<ul style="list-style-type: none">Actively leasing new aircraft models to assist airlines in updating their fleets.Increasing the share of new models in the fleet to further optimize asset structure.	<ul style="list-style-type: none">Achieved deployment of 100% new technology aircraft models for the first time in the whole year, raising the proportion of new models from 32% at the end of 2022 to 43% by the end of the reporting period.Pioneered the development of an aviation fleet carbon emission analysis system with complete proprietary intellectual property rights.
Shipping Finance Department	<ul style="list-style-type: none">Utilizing the Company's expertise in shipping operations to enhance investments in clean energy for ships.Engaging with shipping enterprises to develop innovative green shipping financing projects.	<ul style="list-style-type: none">Successfully launched several green ship financing projects, including dual-fuel LR2 product tankers, dual-fuel PCTC, and gas carriers.In 2023, 50% of our deployed ships for leasing business met the EEDI Phase 3 standards.Explored new green shipping financing projects with shipping enterprises, including battery-powered ships, methanol-fueled ships, and wind turbine installation vessels.
Financial Market Department	<ul style="list-style-type: none">Responsible for issuing green bonds and managing them throughout bond tenure.	<ul style="list-style-type: none">In terms of offshore bonds, the Company has strengthened the management throughout the tenor of USD 500 million in green and sustainable bonds and an ESG FTZ bond of RMB 2.4 billion. By the end of 2023, total outstanding balance of these two bonds was approximately RMB 6 billion. Domestically, the Company issued RMB 3 billion in green financial bonds.Revised the <i>Green Financial Bond Proceeds Management Measures</i> to further enhance the use and management of funds raised through the green financial bond.

General Office	<ul style="list-style-type: none">● Promoting green office practices and green operations.● Strengthen internal and external publicity to promote the development of green finance.	<ul style="list-style-type: none">● For green office practices, we fully implemented a paperless meeting system, greatly expanded digital office operations, and reduced the need for printed documents. This helps improve office efficiency, ensure information security, and cut office costs.● For green operations, we actively adopted low-carbon operation principles, saving water and electricity. We also partnered with third-party organizations in annual carbon audits to understand our carbon emissions, and actively carried out energy-saving retrofits.● For internal and external publicity, we continuously disclosed our green finance endeavors through our WeChat Official Account, official website, and other channels. We also actively promoted our green finance achievements through mainstream media.
Huijing Real Estate	<ul style="list-style-type: none">● Focusing on green renting.● Encouraging green travel.● Promoting green property management practices.● Improving the efficiency of intelligent operations.● Strengthening wastewater treatment.	<ul style="list-style-type: none">● Continued to empower enterprises in the green new energy sector; secured partnership with a top listed company in the new energy field after a thorough review and selection by the Renting Committee.● Installed the initial set of 28 charging stations in the underground parking to encourage eco-friendly commuting among employees.● Continued to uphold rigorous waste sorting standards, encouraging and guiding all building occupants to embrace practices of non-hazardous handling, minimization, separation, and bagged disposal of waste, thereby mitigating the environmental impact of the waste; earned the title of "Advanced Unit in Domestic Waste Sorting" in the Lujiazui financial district.● Enhanced the operational management efficiency by leveraging smart technology, completed two phases of smart system upgrades and put the system into use; substantially improved digital management capabilities in security surveillance, energy monitoring, environmental tracking, and traffic analysis.● Treatment facility in response to government initiatives and engaged a professional agency for regular facility maintenance, effectively minimizing wastewater at the source with notable pollution reduction effects.

▲ Green Finance Responsibilities and Highlights by Major Departments in 2023



Strengthening Green Systems

Implementing National and Regional Policies

The Company strictly adheres to environmental laws and regulations, including the *Environmental Protection Law of the People's Republic of China* and the *Energy Conservation Law of the People's Republic of China*, committing to sustainable green development. We seek to serve the real economy, fully capitalize on the synergy between leasing and broader economic activities, and align closely with national strategic plans and industry trends.

Enhancing Internal Green Finance Systems

In 2023, we continued to refine our internal policy framework, thereby enhancing the effectiveness of environmental and green finance management. New policies are now in place to cover the entire process, both pre- and post-leasing.

During the reporting period, the following management policies related to environmental and green finance were established or updated:

No.	Policy Name
1	2023 Industry (Regional) Investment Strategy of BOCOM Leasing
2	Working Rules of the BOCOM Leasing Green Finance Development Committee
3	Implementation Rules of BOCOM Leasing on Credit and Risk Policy Guidelines (2023)
4	Green Finance Implementation Measures of BOCOM Leasing
5	Action Plan of BOCOM Leasing for Promoting Dual Carbon Goals and Green Finance Development (2023)
6	BOCOM Leasing Green Finance Bond Proceeds Management Measures

Identifying Environmental Risks and Opportunities

The Company maintains a prudent and conservative risk preference, having established policies such as the *BOCOM Leasing Green Finance Policy*, the *Green Finance Implementation Measures of BOCOM Leasing*, and the *Implementation Rules of BOCOM Leasing on Credit and Risk Policy Guidelines (2023)*. These policies place a significant focus on environmental risks and responses, aimed at continuously enhancing operational and managerial resilience and effectiveness.

Full-Process Risk Management

The Company has established a robust organizational structure within its risk governance framework, clearly defining the roles and responsibilities of the Board of Directors, the Supervisory Board, senior management, business units, risk management departments, and internal audit departments in risk management. We have developed a risk management architecture that aligns with our risk profile, featuring a multi-level and interconnected operational mechanism with effective checks and balances. This ensures that our comprehensive risk management policies, systems, and processes are well understood and effectively implemented across the Company. The Project Review Department and the Risk Management Department, as primary managers of environmental risks, effectively coordinate efforts to identify, measure, evaluate, monitor, report, and control relevant risks, integrating environmental risk management throughout the entire leasing process.



Stage	Process	Details
Pre-lease investigation	Due diligence	The Company prioritizes environmental and social risks in its due diligence process. The scope and focus of environmental and social risk due diligence are tailored based on the industry and regional characteristics of each specific client and project. Where necessary, the Company consults qualified, independent third parties and relevant regulatory authorities. The pre-lease investigation strictly adheres to a green finance access system. Clients with severe violations of environmental or safety production regulations are automatically disqualified.
	Compliance review	During the business review and approval processes, the Company rigorously assesses a client's environmental and social performance, which serves as a critical factor in determining their credit risk, based on industry-specific management regulations. Clients with significant legal violations or substantial risks in environmental, social, and governance (ESG) aspects shall face stringent business restrictions.
Compliant leasing	Contract-based control	The Company has developed effective mechanisms to continuously collect and dynamically assess client ESG risk information. A green leasing classification system has been established to enable differentiated management based on the results of these classifications. For clients categorized as ESG risk class A or B, the leasing contracts include enhanced ESG risk management provisions.
	Funds disbursement	The allocation of leasing funds is heavily dependent on a client's ESG performance. For clients or projects posing significant risks, disbursement of funds will be either suspended or terminated.
Post-lease management	Ongoing management	The Company continuously monitors a client's ESG performance and integrates environmental and social risk assessments into the funds disbursement and post-lease management processes. Should there be significant changes in the client's ESG performance, a dynamic reassessment is initiated to analyze potential risks and devise timely responses accordingly.
	Regulatory reporting	In cases of significant environmental or social risk incidents of a client, the Company reports accordingly to the regulatory authorities and the BOCOM as required by regulatory documentation.

▲ BOCOM Leasing's Lifecycle Management of Environmental Risks

Case

Enhancing operational effectiveness of green aviation projects through risk management and control

BOCOM Leasing supports its airline clients through green aircraft leasing, continuously aiding in the modernization and renewal of their fleets. By further increasing the share of green aircraft in operations, the Company helps them optimize the asset structure. Furthermore, the Company stays attuned to the latest trends in energy conservation and emissions reduction within the aviation industry and actively promotes the use of Sustainable Aviation Fuel (SAF). For operating leasing projects, energy efficiency analysis of aircraft models is prioritized as a key component of due diligence, especially during the review and approval processes. When dealing with high-energy consumption and high-carbon emission aircraft, BOCOM Leasing enhances post-lease management by monitoring the ESG risk profile of airline clients. It maintains communication with lessees and vigilantly monitors any exceptions or risk events related to carbon reduction, ensuring effective early warning and emergency preparedness.

Risk and Opportunity Analysis

Environmental risks can be categorized into transition risks and physical risks based on their sources. Transition risks primarily arise from man-made changes such as policy shifts, technological advancements, and shifts in societal attitudes aimed at tackling climate change and environmental challenges. Physical risks involve various climate-related natural disasters and incidents. According to the classification of financial risks associated with climate change and environmental issues, as provided by the Task Force on Climate-Related Financial Disclosures (TCFD), the Company faces environmental risks both in its operations and through its leasing activities. Identifying these risks facilitates the analysis of associated financial risks and potential investment opportunities. This is crucial for preventing economic losses, mitigating financial risks, and ensuring potential gains.

Environmental Risk Category	Physical risks
Environmental: Risk Factor	Natural disasters and extreme weather events, such as floods, blizzards, droughts, wildfires, and typhoons
Example:	Natural disasters lead to damage to houses, factory equipment, and premises, resulting in decreased asset value and disrupted operations of the lessees, thereby increasing the likelihood of default.
Scale of Impact:	Nationwide, primarily in coastal areas
Impact:	Asset depreciation, increased default rates
Mitigation Strategy:	Identify and assess potential asset depreciation caused by environmental risks during the risk management and project review processes.

Environmental Risk Category	Transition risks
Environmental: Risk Factor	New policies related to low-carbon transition or regulation of high-carbon emission industries
Example:	National and local regulations promoting low-carbon and climate transitions, coupled with stringent restrictions on the expansion of high-carbon emission industries, could have detrimental effects on specific client businesses, consequently influencing the operations of financial institutions or the valuation of leased assets
Scale of Impact:	Nationwide
Impact:	Increased operating costs, reduced profits, and depreciation of leased assets for clients
Mitigation Strategy:	Monitor policy trends, track technological upgrades and business transitions of related products, and conduct timely market and industry research

Environmental Risk Category	Transition risks
Environmental: Risk Factor	New policies related to low-carbon transition or regulation of high-carbon emission industries
Example:	National and local regulations promoting low-carbon and climate transitions, coupled with stringent restrictions on the expansion of high-carbon emission industries, could have detrimental effects on specific client businesses, consequently influencing the operations of financial institutions or the valuation of leased assets
Scale of Impact:	Nationwide
Impact:	Increased operating costs, reduced profits, and depreciation of leased assets for clients
Mitigation Strategy:	Monitor policy trends, track technological upgrades and business transitions of related products, and conduct timely market and industry research

We have identified environmental opportunities as shown in the table below:

Opportunity Category	Description	Time Frame	Potential Financial Implications
Products and services	Expansion in the new energy sector By offering comprehensive services across the new energy sector, including distributed solar power and green energy projects, we are well-suited to meet the future demands of the national dual-carbon transformation initiative.	Medium term Long term	Increased revenue
	Potential asset growth in shipping and aviation sectors by meeting their growing demands Amidst economic recovery and accelerated global trade flows, our extensive shipping and aviation resources precisely cater to the evolving transportation needs of the market, with substantial opportunities for asset growth.	Short term Medium term	Increased revenue
	Business growth and opportunities in the transition to a low-carbon transportation system We leverage our strengths in asset leasing to form lasting partnerships with domestic new energy firms, thereby significantly supporting the transition towards a national low-carbon transportation system.	Medium term Long term	Increased revenue
Resilience	Enhancing policy adaptability We should prioritize low-carbon, green projects to efficiently meet the dual-carbon goals.	Short term Medium term Long term	Increased revenue

Enhancing Green Financial Services



Honors and Awards

- 2023 ESG Green Finance Model Case in the Banking Industry
- 2023 Most Influential Green Financial Leasing Brand

Serving the Green Energy Vertical Industry Chain

According to the *Green Industries Guidance Catalogue (2023)* released by the National Development and Reform Commission, there are numerous business forms in equipment manufacturing, facility construction, and operations. The substantial demand for equipment in various renovation projects provides a strong foundation for the development of integrated leasing and finance solutions. BOCOM Leasing has capitalized on this trend by anchoring itself in the industry and driving innovation. We have accelerated the adoption of new models and the cultivation of new customer groups, strategically targeting sectors such as wind power, solar power, hydroelectric power, energy storage, and hydrogen energy. The Company has achieved significant progress in green energy verticals.

In 2023, the Company secured its first business deals in four newly targeted market segments: new energy vehicle charging stations, battery swap stations, commercial and industrial distributed solar power systems, and commercial and industrial energy storage solutions. Concurrently, the Company established four innovation task forces focusing on "distributed solar power and energy storage systems," thereby accelerating its initiatives in areas such as traditional energy upgrading, wind and solar power base construction, and hydrogen energy innovation.



Case

Supporting the world's largest "green hydrogen+" coal-to-olefins project

In April 2023, BOCOM Leasing actively implemented the dual-carbon strategy by taking advantage of the synergistic benefits of bank-leasing collaboration and the distinctive model of financing through lessor's ownership and purchase of assets. In Inner Mongolia, the Company launched a 3-million-tonne "green hydrogen+" coal-to-olefin project under a direct leasing arrangement for equipment. This is the world's only large-scale project that utilizes green hydrogen to replace fossil fuels in the production of high-end chemical products, thereby effectively easing the supply constraints of ethylene and driving sustainable economic development in the Inner Mongolia region.



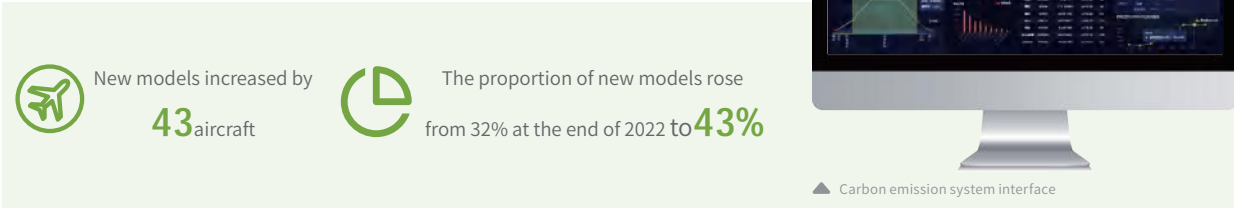
Case

Innovative "Younergy Lease" 1+N business model

The Company focuses on the specialized sector of commercial and industrial distributed solar power systems. In 2023, we introduced the specialized green product, "Younergy Lease: Commercial and Industrial Solar Power Station Financing 1+N". This product introduces a mode of comprehensive partnership with principal partners to provide financial leasing services to the end owners of the stations, thereby promoting the development of clean energy. These principal partners range from professional power station investors to stakeholders within the solar power supply chain, such as EPC contractors and platform operators. In addition to promoting leasing projects for commercial and industrial distributed solar power stations to the Company, these key partners also enhance the Company's creditworthiness, share operational data from the stations, and collaborate in managing the assets of the stations. This model allows the Company to effectively diversify and manage business risks while developing extensive customer acquisition channels; it also enables our principal partners to achieve their commercial goals and accelerate their business cycles. In 2023, we successfully executed a pilot launch of the "Younergy Lease" product, established appropriate business management policies, and developed a comprehensive business system platform. By the end of 2023, we have reached cooperation intentions regarding the "Younergy Lease" product with numerous prominent investors and EPC contractors in the commercial and industrial solar power station sector in China, with a cumulative amount of several billion yuan.

Advancing Low-Carbon Transition of the Transportation System

BOCOM Leasing vigorously supports the strategy of "building China's strength in transportation." We have established a comprehensive green finance model that spans the maritime, land-based, and aerial sectors, facilitating the transition towards a green and low-carbon transportation system. As the largest financial shipowner globally, BOCOM Leasing has launched numerous green ship financing projects, including dual-fuel LR2 product tankers, dual-fuel PCTC, and gas carriers. In 2023, 50% of our deployed ships for leasing business met the EEDI Phase 3 standards. By the year's end, over 150 ships, or about one-third of our fleet, were EEDI Phase 3 compliant. In aviation leasing, we have successfully implemented projects using sustainable aviation fuel (SAF) powered aircraft and independently developed a system to analyze the carbon emissions of our fleet, thus advancing the transition to low-carbon aviation. In transportation, we place a strong emphasis on sustainable and low-carbon transit solutions, promoting the development of a green and intelligent public transportation system.



 Sustainable aviation fuel (SAF) powered aircraft project

 Carbon emission analysis system

In 2023,
for the first time, we achieved deployment of **100%** new
aircraft models in the whole year

Case Enhancing deployment of eco-friendly ships amidst green transformation

In May 2023, the Company successfully delivered two 190,000 DWT dual-fuel bulk carriers. Equipped with LNG dual-fuel engines, each ship can reduce CO₂ emissions by nearly 20%, SO_x and particulate matter emissions by 100%, and NO_x emissions by approximately 90%, compared to similar market counterparts. These ships conform to the latest NO_x Tier III standards and EEDI Phase 3 standards, representing the latest generation of eco-friendly vessels on the market, poised to significantly bolster the sustainable, green, and low-carbon growth of the shipping industry in the future.



Case BOCOM Leasing successfully delivered the world's largest multi-purpose pulp vessel "Green Santos"

On December 22, 2023, BOCOM Leasing delivered the first custom-made 77,000 DWT multi-purpose pulp vessel in Dalian. The ship, named "Green Santos," is currently the largest of its kind in the world and epitomizes the latest green shipping technology. This landmark delivery underscores BOCOM Leasing's dedication to implementing Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, aligning with the strategic directives of the Central Financial Work Conference to boost the efficiency of shipping finance services.

Case BOCOM Leasing successfully delivered the first sustainable aviation fuel (SAF) powered aircraft to Sichuan Airlines



On April 3, 2023, at the Airbus Completion and Delivery Center (C&DC) in Tianjin, BOCOM Leasing successfully handed over the first Airbus A320neo aircraft powered by sustainable aviation fuel (SAF) to Sichuan Airlines. This Airbus A320neo is a cutting-edge narrow-body aircraft, procured directly from Airbus by BOCOM Leasing and leased to Sichuan Airlines

through a Special Purposed Vehicle (SPV) established in the China (Tianjin) Pilot FTZ (Dongjiang Free Trade Port Zone) with an operating leasing. At the time of delivery, it was fueled with sustainable aviation fuel (SAF), which would assist Sichuan Airlines in enhancing operational efficiency and reducing fuel consumption in the future.

Supporting the Sustainable Development of Green Projects

BOCOM Leasing has actively expanded its funding sources on the liabilities side, exploring financial models such as sustainability linked loans on vessels refinancing, green/ESG syndicated loans/club loans, and the issuance of overseas green/ESG bonds.

Case Successful issuance of company's first green financial bond

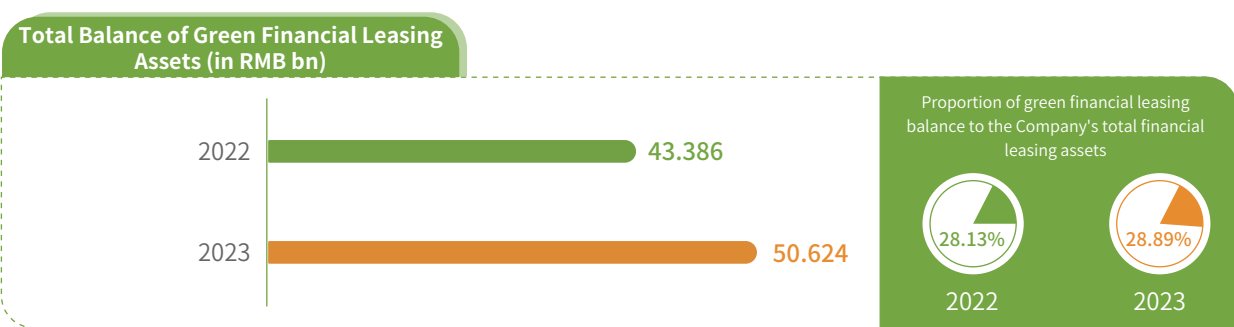
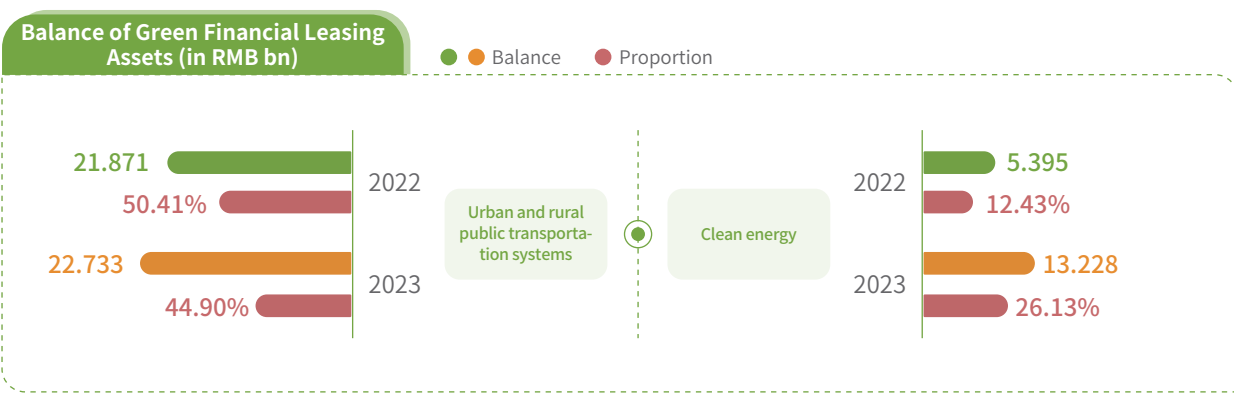
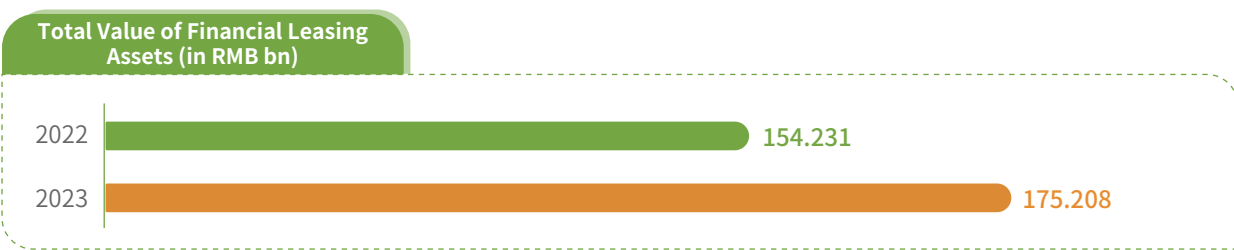
On November 9, 2023, BOCOM Leasing successfully issued its first RMB green financial bond in the national interbank bond market. The issuance achieved the lowest RMB bond issuance rate in company's history and the lowest industry-wide in 2023. The issuance attracted a diverse range of investors, including banks, security firms, and insurance companies, with total orders exceeding RMB 6 billion. This bond represents the largest green financial bond issued by a non-bank financial institution in 2023. The proceeds from this issuance was used to support green industry projects, specifically in clean energy, energy efficiency improvement, and urban rail transit.

Case Fostering the growth of the green and low-carbon sector through a syndicated loan

In March 2023, BOCOM Leasing and HSBC China successfully arranged a 35-month, USD-denominated green syndicated loan that complies with international green loan principles, to support the development of its green and sustainable projects. This loan is the first in China's financial leasing industry, as it is structured under a sustainable financing framework certified by Vigeo Eiris, a leading global ESG assessment agency. It meets the green loan principles set forth for onshore USD green syndicated loans issued by the Loan Market Association, the Asia Pacific Loan Market Association, and the Loan Syndications and Trading Association in February 2021.

Environmental Impact of Green Finance Activities

In accordance with the People's Bank of China's Work Plan for Promoting Environmental Information Disclosure by Financial Institutions in Green Finance Reform and Innovation Pilot Zones and the Operational Manual for Environmental Information Disclosure by Financial Institutions in the Banking Industry (Trial), the Company has established a comprehensive inventory of green leasing assets. We have conducted a thorough review of these assets and systematically evaluated the environmental impacts of our investment and financing activities. Moving forward, we will continue to enhance the share of green leasing assets within our portfolio, drive the green transformation of our existing asset structure, and persistently advance the execution of green finance projects.



Green Shipping

According to the *Statistical System of Green Financing* developed by the National Financial Regulatory Administration, as of the end of 2023, the total value of the Company's shipping leasing assets that qualified as green shipping reached RMB 50.330 billion. This included RMB 14.083 billion from green shipping assets under financial leases and RMB 36.247 billion under operating leases. In 2023, we successfully operated 79 green ships, including 5 passenger liners and cruises. From 45 of these ships, we derived data indicating a saving of approximately 575,243.87 tonnes of standard coal and a reduction of about 1,150,271.18 tonnes of carbon dioxide emissions. (Note: This is calculated based on the *Green Credit Project Energy Conservation and Emission Reduction Measurement Guide*.)

As of the end of 2023, the Company's shipping assets included 225 ships that complied with the latest NOx Tier III standards. The total asset value of these ships reached RMB 73.839 billion, representing 59.11% of the Company's total shipping leasing assets. This included RMB 21.845 billion from shipping assets under financial leases and RMB 51.994 billion under operating leases.

Green Aviation

According to the *Statistical System of Green Financing* developed by the National Financial Regulatory Administration, as of the end of 2023, the total value of the Company's aviation leasing assets that qualified as green aviation reached RMB 58.355 billion. This included RMB 10.154 billion from green aviation assets under financial leases and RMB 48.201 billion under operating leases.

Green Financing

As the first Chinese leasing company that has been certified in green and sustainable development from the leading global ESG assessment agency Vigeo Eiris and the Hong Kong Quality Assurance Agency, we continues to promote with the issuance of certified business loans and bonds. We are actively fostering an offshore financial system that aligns with the Shanghai International Financial Center to aid in the globalization of renminbi. In overseas markets, we have issued USD 500 million in a green and sustainable bond and RMB 2.4 billion in an ESG FTZ bond, with a combined balance of approximately RMB 6 billion as of the end of 2023. During the reporting period, the company also successfully issued the first ESG Free Trade Zone offshore bond (Mingzhu Bond) by a national financial institution to global investors. In the domestic market, the Company issued a green financial bond worth RMB 3 billion, mainly for the clean energy industry.

Additionally, we are deeply involved in green and sustainable financing, comprising:

- ▶ A vessel refinancing deal for an LNG Vessel Linked to Sustainability Performance Indicators
- ▶ A domestic USD-dominated green syndicated loan for refinancing various wind and solar power projects
- ▶ A domestic RMB-denominated green interbank loan for refinancing solar power projects
- ▶ A domestic RMB-denominated green joint leasing and factoring for refinancing various green initiatives

Key Performance Highlights

- In 2023, we issued a green financial bond worth RMB 3 billion.

Committed to Eco-Friendly Operations

The Company supports the national strategy of "carbon peaking and carbon neutrality," actively addressing climate change challenges. We seamlessly integrate green development concepts throughout our operations, focusing on reducing carbon emissions and resource consumption in our activities. By enhancing environmental data analysis and adopting low-carbon, energy-saving practices, we seek to promote the harmonious coexistence between humanity and nature, contributing to sustainable economic and social development.

Carbon auditing

Annual carbon audits are conducted through third-party agencies to gauge our carbon footprint. Based on these assessments, the Company actively implements energy-efficiency retrofits and defines key measures for energy conservation and carbon reduction.

Resource saving

Water:Regular inspections of water supply equipment and pipelines are conducted to address any leaks promptly. All restrooms are equipped with sensor-based faucets, and the water flow in equipment valves is adjusted to minimize water use.

(Note: The Company sources all water from the municipal supply network instead of natural water resources. This eliminates concerns over water withdrawal and access to water resources.)

Electricity:Bulbs are replaced progressively with energy-saving LED lights. A regular inspection routine is established to ensure power is turned off in unoccupied areas in a timely manner.

Green office practices:We have fully implemented a paperless meeting system to reduce the demand for printing paper documents. Moreover, the use of office supplies is rigorously monitored through a registration system designed to cut down on waste.

Waste disposal

Non-hazardous waste:We implement effective waste sorting and management practices by signing agreements with waste management companies for regular collection and disposal of non-hazardous waste.

Hazardous waste: We include a "trade-in" clause in all procurement contracts involving hazardous solid waste (such as fluorescent tubes and toner cartridges), requiring suppliers to retrieve and dispose of the replaced hazardous solid waste in accordance with national regulations.

Depletion of natural resources	Unit	2023
Direct GHG emissions (scope 1)	tonnes of CO ₂ equivalent	15.72
Indirect GHG emissions (scope 2)	tonnes of CO ₂ equivalent	297.70
Total	tonnes of CO ₂ equivalent	313.42

Note 1: Scope 1 primarily includes fuel used by company-owned vehicles, as documented in financial records based on purchase receipts.

Note 2: Scope 2 primarily covers electricity used for business operations, as documented in financial records based on actual electricity bills.

▲ Table: BOCOM Leasing's GHG emissions



Case

Advancing pollution control reforms and strengthening wastewater source management

Our subsidiary, Huijing Real Estate, has actively responded to the government's call for environmental protection by installing wastewater treatment facilities in the BRICS Tower's basement, thereby achieving preliminary degradation and treatment of domestic wastewater at its source. This successful implementation has made the BRICS Tower the first in the Xiaolujiazui area to undergo a pollution control renovation, earning significant recognition from urban management and administrative law enforcement authorities. Moving forward, Huijing Real Estate plans to step up its efforts to reduce pollution and carbon emissions, thereby setting higher standards for green operations among neighboring buildings and contributing to the development of Shanghai as a park city.

Contributing to Global Climate Actions

Actively aligning with global standards

The Company upholds relevant international green or environmental guidelines, such as *the International Convention for the Prevention of Pollution from Ships (MARPOL)*, strictly regulating the control of emissions of atmospheric and marine pollutants.

Integrating into the global green development trend

The Company places a high premium on aligning its business development goals with the global green finance trend. We actively support the Aircraft Leasing Industry's (Ibec-ALI) ALI Sustainability Charter initiative and foster cooperation among leasing companies to create a low-carbon industry ecosystem.



Society

—Creating a Brighter Future Together



As a corporate citizen, BOCOM Leasing upholds its commitment to customers, partners, employees, and society at large, actively taking the responsibilities of a state-owned financial institution. The Company is dedicated to attracting and nurturing top talent, leveraging its financial strength to support rural revitalization and social welfare initiatives, and collaborating with stakeholders to build a promising future.

Contributing to the United Nations Sustainable Development Goals (SDGs)



- Safeguarding Customer Rights and Interests through Premium Service
- Cultivating a People-Centric Environment
- Jointly Building a Sustainable Supply Chain
- Giving Back to the Community



Safeguarding Customer Rights and Interests through Premium Service

The Company adheres to a customer-centric service philosophy and rigorously enforces regulations, including the Management Measures of the Banking and Insurance Institutions for Consumer Complaint Handling, Rules on Consumer Rights Protection of Banking and Insurance Institutions, and the Notice of the Financial Consumer Protection Bureau of the People's Bank of China on Issuing the 2023 Financial Knowledge Publicity and Promotion Plan. Internally, we boost employee awareness and skills in consumer rights protection; externally, we uphold consumers' rights to education, maintain effective channels for financial consumer consultation and complaints, and safeguard the legitimate rights and interests of financial consumers. In 2023, the Company received no consumer complaints.

Complaint handling

The Company strictly follows its Consumer Complaint Handling Work Mechanism and the Enterprise Credit Information Dispute and Complaint Handling Procedures, upholding principles of fairness and justice while prioritizing efficiency and quality. We have established a standardized consumer complaint handling system to achieve systematic and consistent management of complaints. We swiftly address consumer inquiries and complaints, thereby preventing the occurrence of major collective or emergent incidents.

Financial education

The Company actively participates in the Financial Consumer Rights Protection Education Month. We published themed posts on the Company's Official WeChat Account, such as *Harnessing Financial Power, Creating a Beautiful Life*|BOCOM Leasing "Financial Consumer Rights Protection Education Month" is Underway, to increase awareness among all employees about customer rights protection and to promote a supportive environment for rights protection.

Cultivating a People-Centric Environment

BOCOM Leasing leverages the century-old financial expertise and talent legacy of BOCOM, consistently advocating for a people-first and responsibility-driven approach. We regard human capital as our most crucial asset, prioritizing the professional development of employees, fostering mutual growth, and providing a supportive work environment with competitive compensation to enhance employee well-being.

Employee Rights and Interests

BOCOM Leasing is committed to fostering a fair and harmonious workplace for all employees. The Company strictly adheres to legislation such as the *Labor Law of the People's Republic of China* and the *Contract Law*. We have a complete range of policies in place, including the Employee Handbook, the Recruitment and Employment Management Measures, the Attendance and Holiday Management Measures, and the Separation Management Measures. These measures ensure the protection of employees' legal rights to fair compensation, rest and vacations, occupational safety and health, and social insurance benefits. Furthermore, the Company upholds a policy of equal employment and equal pay for equal work, steadfastly opposing and prohibiting child labor, forced labor, and any other violations of human rights. During the recruitment process, we rigorously verify candidates' identification documents and employ other methods to prevent child and forced labor.

Talent Training and Development

Facing evolving challenges and the need for transformation, we are confronted with an intensifying talent shortage in the industry. We firmly embrace the belief that "talent drives business success," considering human resources as our primary asset. We focus on attracting, nurturing, and developing exceptional talents to sharpen our core competitiveness, continually attracting leading experts from global finance, shipping, and aviation sectors to build a professional, international, and diversified team.

Policy guarantees

The Company actively aligns with the strategy of building China into a talent-strong country in the new era, establishing the Medium to Long-term Talent Development Strategy and the *Key Talent Capability Enhancement Action Plan*. We have also formed a steering group for talent management to enhance comprehensive talent strategy planning, with the aim of forging a diversified, multi-channel, multi-tier training and development system that facilitates employee growth.

Talent attraction

The Company remains committed to the principle of "assigning the right talent to the right position", attracting talents from various industries through multiple channels. We also innovate our incentive schemes to maximize individual potential and team value. In 2023, the Company implemented a "four-in-one" account manager incentive scheme based on comprehensive value assessment.

Smooth career development paths

The Company continually refines the career development paths for employees to boost the retention of key talents.

Diverse training programs

The Company organizes annual training programs across five key areas: key talent quality, account manager skills, risk management, and professional competencies. These programs enhance our employees' financial proficiency, offering sustained support for the Company's strategic transformation and the development of our workforce and talent. In 2023, as part of an initiative to empower the Company's "second entrepreneurship" and ongoing transformation, we developed key educational materials and promoted a combination of online and offline training. This approach resulted in a series of unique, company-specific case studies. Last year, 100% of employees participated in our training programs.

Talent cultivation mechanism

A mentorship mechanism for talent development has been established. This includes initiating a mentoring system for account managers, aimed at nurturing a pipeline of talent in client management and leveraging the leadership role of outstanding core employees in mentorship.

Lateral transition channels

Between the cadre and expert tracks, bi-directional transitions are enabled through cross-appointment, lateral reappointment, lateral transfer, age-based transition, and cross-track promotion. This strategy creates a thoroughfare for career development, effectively tapping the power of talent in fostering high-quality growth.

Vertical promotion channels

We have upgraded the single-rank promotion system to one supporting a broader range of job levels, and opened up diverse promotional avenues such as cadre appointments, expert assessments, and hierarchical progressions, offering substantial incentives for the growth and development of our employees.

▲ Career promotion path



Honors and Awards

- The BOCOM Leasing's Business Expansion Guide for Account Managers received the Key Educational Material Award of 2023 from BOCOM.
- The online and offline hybrid training approach won the BOCOM Classic Teaching Case Award of 2023; two courses were recognized as exemplary premium courses within BOCOM.

Employee Engagement

BOCOM Leasing firmly upholds a people-centric philosophy, striving to ensure that employees have the right to participate in democratic decision-making, management, and supervision. The Company respects the powers of the workers' representative assembly and promotes the transparency of BOCOM affairs, effectively safeguarding the legitimate rights and interests of employees and providing a solid foundation for our sustainable development.



Case

BOCOM Leasing's first "Golden Ideas Campaign" to open up communication channels

In August 2023, under the theme of "Turning new ideas into action to create value and innovate services," the Company launched the first "Golden Ideas Campaign." This campaign sought innovative ideas from employees to improve our corporate processes, leasing schemes, system enhancements, brand promotion, community engagement, and administrative management. These ideas were categorized into two groups based on their goals: "high-quality business development" and "culture building." We encouraged leaders and employees to identify and address issues at work, refine work methods, and improve work efficiency, thereby continuously enhancing the Company's brand and management effectiveness.

Employee Well-Being

The Company prioritizes the physical and mental well-being of employees, actively addressing their needs and enhancing their sense of achievement, happiness, and belonging.



Promoting physical and mental wellness

- We provide employees and their families with priority access to medical services through the platform for medical registration and consultation at tertiary hospitals affiliated with the Shanghai Health Promotion Association.
- We've organized a range of health-focused seminars, including health consultations and spinal health lectures, along with innovative activities such as mental health quizzes and weekly spinal care sessions. These initiatives are designed to enhance our employees' health awareness and self-care skills.



Organizing colourful cultural and sports activities

- We've organized an array of cultural and sporting events to enrich the lives of our employees, including hikes, e-sports competitions, Communist-themed youth fellowship activities, Children's Day celebrations.
- Additionally, the Company actively creates opportunities for employees to develop and share specialized skills, thereby enhancing the corporate culture. Employees have set up various interest clubs for Tai Chi, calligraphy, dance, etc., to enrich their leisure time.



▲ Spring Outing and Nature Walks



▲ Youth Fellowship Activity



▲ Basketball Interest Club



Supporting female employees

- We are committed to supporting female employees, hosting activities such as silk scarf marbling workshops on the International Women's Day and improved the facilities within our "Women's Care Room" to enhance comfort and convenience.



▲ Silk Scarf Marbling Workshops on the International Women's Day

Jointly Building a Sustainable Supply Chain

The Company complies with legislation such as the *Procurement Law of the People's Republic of China* and the *Tendering and Bidding Law of the People's Republic of China*. We have also established the *BOCOM Leasing's Supplier Management Measures* to regulate supplier conduct throughout the entire process. Before procurement, the Company calls for bids in line with the principles of openness, transparency and fairness. During procurement, we conduct evaluations of suppliers' situation on safety and labor management, aiming to identify and control all environmental and social risks associated with the suppliers.

Additionally, we advocate procurement transparency and require a clear definition and separation of duties among procurement management, procurement execution, and supplier management roles to prevent commercial bribery in centralized purchasing activities. Throughout the reporting period, we discovered no violations concerning business ethics, labor standards, or safety management among our suppliers.

Giving Back to the Community

BOCOM Leasing consistently integrates social welfare into its development strategy. The Company actively participates in volunteer activities and undertakes social welfare programs. By leveraging both internal and external resources, we aim to foster a community where social governance is a responsibility of all, a duty shared by all, and beneficial for all.

Rural Revitalization

In 2023, BOCOM Leasing capitalized on the distinct strengths of its leasing operations, focusing on modern livestock farming, apiculture, household solar power systems, and the procurement and marketing of agricultural products, with the aim of assisting farmers through financial services. The Company actively engaged partners in its agricultural support programs, working together to promote green development in rural areas and enhance agricultural productivity and farmers' incomes, thus continuously advancing rural revitalization.

Financial Support For Agriculture

- **Supporting Rural Green Initiatives**
We are deepening our collaboration with new energy companies in the domestic PV sector. In 2023, we allocated nearly RMB 3.2 billion to household PV projects, benefiting over 39,000 farming households.
- **Empowering Modern Agriculture**
We support the development of resource-based and production-oriented rural enterprises by equipping them with necessary tools and machinery. In 2023, our agriculture-related business transactions reached a balance of RMB 8.904 billion, representing 6.88% of our total balance in equipment and facility leasing business.
- **Supporting Large-scale Farming**
We are expanding financial support for agriculture to foster the growth of rural animal husbandry. From 2022 to 2023, we allocated a cumulative total of RMB 670 million to a leading pig farming enterprise.

Supporting Agriculture Through Consumption

- The Company procures specialty agricultural products through administrative purchasing and other means, aiming to increase local income.

Collaborative Agricultural Assistance


- We work closely with our leasing business clients, pooling resources and introducing support funds aimed at revitalizing rural areas.
- Our partners contribute social capital to support apiculture in Litang County, Sichuan, thus promoting the development of rural industries.

Advancing Public Welfare Initiatives

BOCOM Leasing upholds the belief that "Everyone Can Contribute to Public Welfare." In the spirit of selfless dedication exemplified by Lei Feng, we've actively engaged in a range of public welfare undertakings, earnestly fulfilling our corporate social responsibility with meaningful actions.

We organized various activities for our employees to learn from Lei Feng, fostering the esteemed virtue of wholehearted service to the people. Our volunteer efforts include participating in the maintenance of local green spaces and ensuring orderly parking of shared bicycles. Additionally, we arranged visits to the Shanghai Social Science Museum for the "Renew Old Books" volunteer activity, where our employees repaired book covers to improve accessibility for readers and help preserve books and our cultural heritage.



**Case**

Supporting youth in their pursuit of dreams

In Beijing's Tongzhou District, within the town of Huoxian, sits a youth baseball training facility called "Qiangbang Angel Team." Composed of 88 members, most of whom hail from underprivileged regions, this team has captured the attention and support of BOCOM Leasing employees. To address the specific needs of the training base, our employees voluntarily donated funds and essential supplies such as rice and oil. These contributions support the construction and operation of the training base, fostering the healthy development and aspirations of these young children.