

CALC

China Aircraft Leasing Group Holdings Limited

(Incorporated under the laws of the Cayman Islands with limited liability)

Stock code: 01848

Visionary and Sustainable Growth

Environmental, Social and Governance Report 2023



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ABOUT THIS REPORT

This report is the 10th Environmental, Social and Governance (“**ESG**”) Report (“**Report**”) published by China Aircraft Leasing Group Holdings Limited (“**CALC**” or the “**Company**”, together with its subsidiaries, “**Group**”). We are pleased to publish this Report, which highlights our commitments and progress in achieving environmental and social sustainability.

This Report is available in both Chinese and English, and can be accessed on the websites of the Company and the Hong Kong Exchanges and Clearing Limited. In case of any conflict or inconsistency between the Chinese and English versions, the English version shall prevail.

We appreciate your valuable comments and suggestions on this Report and our sustainability performance. Please send your comments to us at ir@calc.com.hk.

REPORTING PRINCIPLES

This Report has been prepared in accordance with Reporting Principles as set out in the Appendix C2 Environmental, Social and Governance Reporting Guide (“**ESG Reporting Guide**”) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Listing Rules**”), for the delineation of reporting boundary. The report also makes reference to selected disclosures, or parts of their content, from the GRI Sustainability Reporting Standards (“**GRI Reporting Guide**”).

We have followed the four reporting principles below in the preparation of this Report:

| | |
|---------------------|--|
| Materiality | We identify the environmental, social, and governance-related topics, that are most material to us and our stakeholders, through a materiality assessment, which is reliably reflected in this Report. |
| Quantitative | We commit to quantifying the data accurately with clarification as far as practicable. |
| Balance | We present the positive and negative aspects of our business in a transparent manner. |
| Consistency | We adhere to the same reporting approach as the previous year to ensure clarity and comparability for our readers. |

ABOUT THIS REPORT

REPORTING SCOPE, BOUNDARY AND FREQUENCY

This Report covers the sustainability performances of our operations with controlling interests¹, including our Hong Kong headquarters, Mainland China offices, and Ireland office during the period from 1 January 2023 to 31 December 2023 (“**Reporting Period**”). To facilitate meaningful comparisons of the Group’s annual performance over time, the structure of this Report is compiled as similar as possible to the previous report. Other differences in scope will be explained in the report. There is no difference between the reporting scope of this Report and the Environmental, Social and Governance Report 2022.

DATA SOURCE

All information and data in the Report is from the official documents provided by the Company or public available information.

REFERENCED GUIDELINES

This Report is prepared in accordance with Rule 13.91, the Appendix C2 ESG Reporting Guide of the Listing Rules and with reference to the GRI Reporting Guide.

The greenhouse gas (“**GHG**”) emissions analysis of this Report made reference to the guidelines published by the Hong Kong Environmental Protection Department, the Ministry of Ecology and Environment of the People’s Republic of China (“**PRC**”), and International Civil Aviation Organization (“**ICAO**”), to ensure the credibility and accuracy of the data presented.

BOARD OVERSIGHT OF ESG AND CLIMATE MATTERS

The Sustainability Steering Committee (“**SSC**”) is responsible for reporting key ESG issues to the Board on a regular basis. The Board is responsible for overseeing the duties of SSC, including the review and approval of this Report, with an aim to fully incorporate ESG considerations and implement ESG initiatives during the determination of the Company’s business direction and strategy.

Under the authority of the Board, the SSC is responsible for formulating and reviewing the Company’s ESG vision, strategy and climate change-related policies; overseeing, reviewing and evaluating regarding (i) the annual plan of ESG functions and activities; (ii) the adequacy and effectiveness of the actions taken by the Company based on its corporate responsibility and sustainability plans, strategies, priorities, policies and frameworks, and recommend improvements; and the Company’s performance against the appropriate international or national standard (if any) on sustainability and make recommendations; identifying and evaluating material ESG topics and their order of priority that are relevant to our business and stakeholders; and reporting to the Board on relevant matters. The SSC is also in place to review this Report and make appropriate recommendations and suggestions to the Board.

¹ Sub-contractors and outsourced services are excluded. Information of associate companies and joint ventures are excluded.

2023 HIGHLIGHTS



Persistently promoting **Sustainable Aviation Fuels (SAF)** for new aircraft deliveries advances sustainable aviation

Engaged in the second **Aircraft Leasing Ireland Association ("ALI")** Aviation Sustainability Day as council member



Appointed **8** female executives, comprising **36.36%** of the leadership level

Employees cumulatively received **2,143.75** hours of training



Male-to-female employee ratio is **0.99:1**

The group recycled **611** kilograms of paper



Employees spent **2,890** cumulative hours in charity work

MESSAGE FROM CEO

As the global aviation industry navigates its recovery in the post-pandemic era, experiencing diverse rates of progress across different markets and regions. In 2023, CALC marked its 17th year as a full value chain aircraft solutions provider, reflecting its enduring presence and adaptability in the aviation sector. I extend heartfelt appreciation to our dedicated staff for their exemplary professionalism, and to our invaluable partners and stakeholders for their unwavering support throughout. Our commitment to sustainability remains steadfast, with the overarching aim of fostering a better society driving our ESG initiatives. As we continue to forge ahead, we persist in our efforts to integrate sustainability into every facet of our operations.

In achieving our ESG targets, CALC is determined to integrate ESG principles into our operations and decision-making processes. We envision a future where sustainability is at the core of our business, where we minimize our environmental impact, prioritize the well-being of our stakeholders, and uphold strong governance practices. Through responsible aircraft selection, efficient operations, and partnerships with our aviation partners, we aim to contribute to a greener aviation industry, promote social responsibility, and maintain ethical standards as corporate citizen. By embracing the ESG framework, we strive to create long-term value for our investors, communities, and the planet.

During the Reporting Period, we were honored to receive the Airline Economics 2023 – Sustainability Debt Deal of the Year award for issuing the first low-carbon transition bond in October 2022 for purchase of new aircraft with high fuel efficiency and replacement of aged aircraft. This recognition underscores the Group's dedication to implementing "Green Aviation" and promoting sustainability within the industry. In 2023, CALC successfully completed the low-carbon transition corporate bonds issuance, and launched the largest aircraft PDP finance cross-border transactions in global aircraft leasing market, representing the aircraft leasing industry's first sustainability-linked PDP loan facility.

STRIVING FOR FLY NET ZERO BY 2050: OUR COMMITMENT TO A SUSTAINABLE FUTURE IN PARTNERSHIP WITH INDUSTRY ALLIES

As a member of the ALI, CALC has signed and adhered to the first set of climate-aligned principles since 2022. As we are committed to actively facilitating ALI's 2050 carbon neutrality objectives, we adopted a multi-dimensional approach to reduce carbon footprint as follows.

We firmly believe that one of the most effective short-term measures airlines can take to mitigate carbon emissions is operating the latest, most fuel-efficient aircraft models. Accordingly, we aim to providing these state-of-the-art aircraft to our airline customers. This year, we celebrated the 10th anniversary of the partnership between CALC and Airbus, marking a decade of collaboration and growth in the aviation market. This partnership underscores our dedication to environmental, social, and governance considerations, as demonstrated by the addition of fuel-efficient A320neo and A321neo aircraft to our fleet, further showcasing our joint commitment to sustainability in the aviation industry.

According to the European Commission, the aviation sector is projected to reduce its CO₂ emissions by 23–28% in 2040 and 65–72% in 2050 relative to 2015, mainly due to the common adoption of SAF as a significant emissions reduction driver². As a key proponent, CALC has collaborated closely with Original Equipment Manufacturers ("OEMs") to accelerate progress on climate action initiatives. This includes jointly advocating for airlines to increase their adoption of SAF, fostering innovation in fuel efficiency, and exploring renewable energy solutions. In June 2023, we delivered our first 737-8 aircraft to Virgin Australia and featured a fuel load blended with 30% SAF for the first leg of the delivery flight from US to Australia. In July 2023, we delivered another A320neo aircraft using SAF to China Eastern Airlines in Tianjin, PRC.

² The data is referenced to the "Europe's 2040 climate target and path to climate neutrality by 2050 building a sustainable, just and prosperous society" published by European Commission in February 2024

MESSAGE FROM CEO

Moreover, we engage in active collaboration with our airline partners to champion sustainable operational practices. We encourage our airline partners to join us in our pursuit of net zero emissions by lowering a portfolio's emissions intensity such as optimizing flight paths. Furthermore, CALC's aftermarket platforms, China Aviation Aftermarket Holdings Limited ("**CAAM**") and Universal Assent Management Inc. ("**UAM**"), in both China and the US provide aircraft disassembly services and supporting components to aviation partners, thereby advancing circular economy practices within the industry. This year, our associate company, UAM, a subsidiary of CAAM, has secured a \$200,000 purchase order for the fabrication of door trainers made from recycled aircraft materials, promoting the circular economy within the industry.

CALC'S EFFORT TO ADVANCING SUSTAINABILITY, ENVIRONMENTAL RESPONSIBILITY, AND CORPORATE GOVERNANCE

At CALC, we prioritize advancing sustainability through investments in sustainable aviation solutions. This year, a total of 21 aircraft were delivered from our order book by suppliers including Airbus, Boeing, and COMAC. The newly delivered aircraft demonstrate significant improvements in environmental performance compared to previous generation models. For instance, Airbus's A320neo family delivers at least a 20% lower fuel burn and CO₂ emissions and 50% reduction in noise footprint compared to previous generation aircraft³. Boeing's 737 MAX offers a 20% reduction in CO₂ emissions and fuel use, and 50% smaller community noise footprint compared to the Next-Generation 737, 50% below CAEP/6 limits for NOx⁴.

Internally, we are implementing monitoring and reporting systems to track and measure our progress towards net zero emissions. We prioritize transparency and accountability, regularly communicating our sustainability goals and achievements to stakeholders. In addition, we are proactively refining and deploying our carbon footprint calculator, facilitating detailed tracking of aircraft performance. Committed to continuous improvement, we aim to reduce our carbon footprint and inspire others in the industry to join us on this crucial journey. Together, we can realize a sustainable and prosperous aviation sector that addresses climate change and safeguards our planet for future generations.

³ The data is referenced to the "A320neo Family The most successful commercial aircraft family, ever." released on the website of Airbus (retrieved on 18 April 2024)

⁴ The data is referenced to the "737 MAX BY DESIGN" released on the website of Boeing (retrieved on 18 April 2024)

MESSAGE FROM CEO

CARING THE COMMUNITY

For 17 years, the CALC Group has been steadfast in its commitment to fulfilling social responsibilities. CALC recognizes and actively pursues its corporate social responsibilities, with dedicated efforts in the regions we serve. This year, we continued our contributions to society by donating to the communities and engaging in social charitable activities. We organized employees from various offices to actively participate in diverse charitable endeavors, accumulating a total participation duration of 2,890 hours. These efforts contribute to promoting the harmonious development of society and continuously creating value for our communities. I would like to express my sincere gratitude to the CALC volunteering teams for providing love and care to various donation and social campaigns.

Since its inception, CALC has embraced its responsibilities with unwavering dedication and a sense of compassion. Looking ahead, we remain steadfast in our commitment to responsible operations and sustainable investments, aligning with the principles of “green aviation” to generate positive outcomes for our customers and the communities we serve.

POON Ho Man

Executive Director and Chief Executive Officer

Hong Kong, 19 March 2024

ABOUT CALC

Established in 2006 and headquartered in Hong Kong, CALC is China's first aircraft operating lessor. It is currently the largest independent lessor in China. As of 31 December 2023, the Group's total fleet has increased to 192 aircraft, including 165 owned aircraft and 27 managed aircraft with a total of 141 aircraft on the orderbook, including 113 Airbus and 28 COMAC aircraft. Compounding comprehensive aircraft solutions, highly liquid fleet assets, and nose-to-tail service, CALC has evolved as one of the leading aircraft lessors globally. The Group's international client base includes 41 airline customers, covering 20 countries and regions in the Asia-Pacific, Middle East, Europe, North America and Latin America, as of December 2023.

CALC is the founder and the largest shareholder of Aircraft Recycling International Limited ("**ARI**"), an associate company of CALC, providing mid-to end-of-life asset management services and comprehensive multi-strategic solutions for global aircraft aftermarket. As the essential unit of CALC's aircraft full value chain operations, CAAM, a wholly-owned subsidiary of ARI, maximizes synergies among four major segments, including aircraft sales, engine solutions and sales, airframe & maintenance, repair and overhaul ("**MRO**"), and components supply, and stub-life lease. CALC, supported by CAAM technical expertise and the two fully operating recycling facilities in the PRC and the US, continues to operate with synergistic efforts and advance its aftermarket solutions.

The Group's MRO joint venture unit, FL ARI Aircraft Maintenance & Engineering Co., Ltd ("**FL ARI**") has been granted the CAAC Part 145 license by the Civil Aviation Administration of China ("**CAAC**") for base maintenance capacities, which includes the 3C-check Base Maintenance capacity for B737NG series aircraft and A320neo family granted in 2023. The 3C approval demonstrates our aircraft maintenance capabilities and further diversifies and systematizes the aircraft inspection and maintenance services for popular models in the market. This marks a milestone for the development of FL ARI in the domestic MRO business.

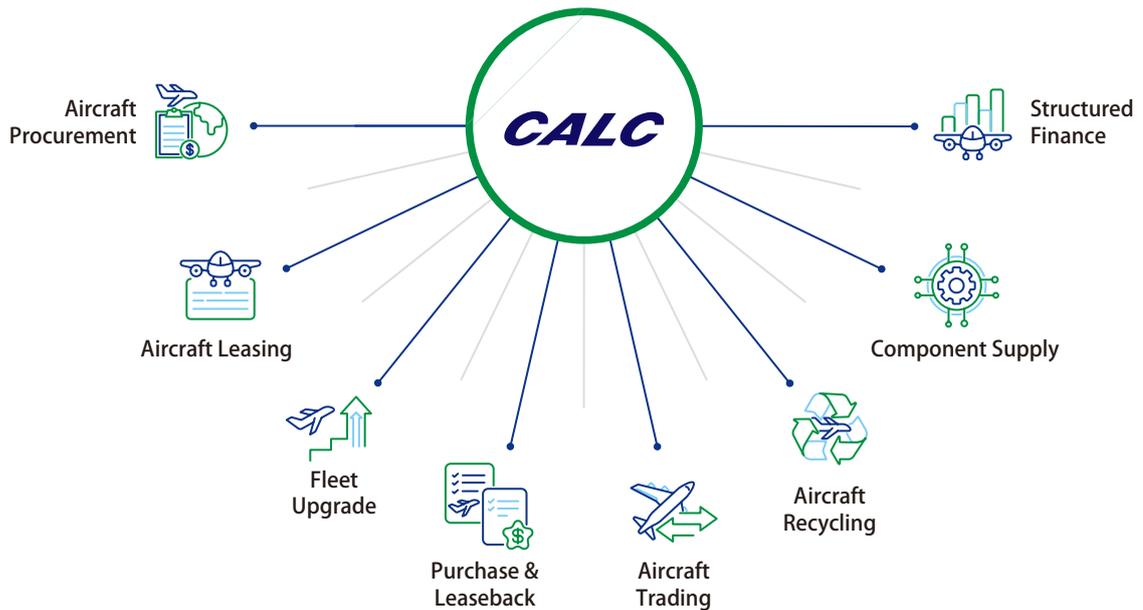
Being one of the few companies that providing one-stop aircraft full-lifecycle services, CALC and its associated companies have obtained a wide spectrum of licences across the PRC, Europe, and the US, including aircraft maintenance, aircraft disassembly and recycling, and aircraft component sales.

Listed in Hong Kong as Asia's first listed aircraft lessor under stock code 01848.HK in July 2014, CALC is currently a constituent stock of MSCI China Small Cap index.

ABOUT CALC

OUR BUSINESS

CALC provides one-stop aircraft full life cycle solutions for the global aviation industry. The Group offers services at every stage of an aircraft life cycle, from new aircraft, mid-aged aircraft to retired aircraft, capturing asset value of its fleet by proactive asset management. The Group’s scope of business includes regular operations such as aircraft leasing, purchase and leaseback, structured finance and asset management, as well as value-added services including fleet planning, fleet upgrade, aircraft MRO, aircraft disassembly and recycling, as well as aircraft components trading.



Aircraft Procurement

The Group procures new and used aircraft as well as engines from aircraft manufacturers and international secondary aircraft markets. Direct purchases of aircraft and engines from OEMs enable us to manage our aircraft portfolio better in measures of aircraft model, aircraft age mix and residual value extraction.

The Group continued to provide new-generation fuel-efficient aircraft models to the airline customers from its order book to help them upgrade their fleet and reduce energy and emissions. As at 31 December 2023, the Group had delivered a total of 21 new aircraft (including 2 B737 MAX aircraft that first joined the Group’s fleet) to airline customers. The above new deliveries further optimized our fleet portfolio with majority of new-generation, fuel-efficient aircraft from the orderbook. As at 31 December 2023, CALC’s fleet size increased by 16 to 192 compared to that at the end of 2022, including 165 owned aircraft and 27 managed aircraft.

ABOUT CALC

In terms of aircraft procurement, the Group is committed to investing in the new generation fuel-efficient aircraft models while actively participating in facilitating the commercial operation of China-made aircraft. Despite the purchase commitments of 64 aircraft had been novated to a third party during the year as detailed in the Company's announcement dated 14 August 2023, the Group still maintained a sufficient order book to support the long-term business growth. As at 31 December 2023, the Group had a total of 141 aircraft on backlog, including 113 Airbus A320neo and 28 COMAC ARJ21.

Case Study

CALC Orders Pratt & Whitney GTF™ Engines to Power up to 60 More Airbus A320neo Family Aircraft

CALC entered into a memorandum of understanding (“**MOU**”) during the Paris Airshow 2023, to order GTF engines to power an additional 10 firm Airbus A320neo aircraft, with options for up to 50 aircraft. As CALC maintained a quality portfolio of popular new generation aircraft with fuel efficiency. GTF-powered A320neo family aircraft are a key part of the Group's portfolio, offering our airline customers world-class fuel efficiency and emissions, resulting in lower operating costs.

Combined GTF's industry-leading sustainability engines with CALC's presence in Asia Pacific, both parties are working together on more economically and environmentally friendly connectivity in one of the fastest growing regions for aviation.



ABOUT CALC

Aircraft Leasing

CALC maintains close contact with its existing airline customers and explores operating lease opportunities with prospective airline customers. Our aircraft leasing business is conducted via direct aircraft purchase and lease or aircraft purchase-and-leaseback transactions, both under long-term leases. We would also customise applicable transaction structures in response to airlines demand.

Case Study

CALC's Delivered First A320neo Aircraft Successfully Delivered to Uzbekistan Airways, Expanding Business to Central Asia

CALC has delivered the first A320neo aircraft to Uzbekistan Airways, marking the entry into the Central Asian market and cooperation under the "One Belt, One Road" initiative. This is the first A320neo aircraft leased by CALC to Uzbekistan Airways, featuring a 168-seat all-economy cabin and CFM Leap 1A engines. The A320neo aircraft offers fuel efficiency, passenger comfort, and environmental benefits, supporting Uzbekistan Airways' modern fleet.

Case Study

CALC's First of Nine New Airbus A320neo aircraft to Air India

CALC has delivered a new A320neo aircraft to Air India in Toulouse, France, marking the beginning of a deeper partnership between the two companies. This delivery is the first of nine new aircraft leased to Air India, with the remaining aircraft to be delivered between 2023 and 2024. The partnership aims to upgrade the fleet and meet the fastest-growing demand in the Indian aviation market. This collaboration expands CALC's presence in South Asia and allows us to explore the market potential in the region.

Fleet Upgrade

CALC offers fleet upgrade services via trading in old aircraft while leasing new ones from our orderbook. With our diversified trading channels and strong remarketing capability to place used aircraft in global market, CALC is one of a few lessors that offers fleet upgrades solutions to meet the increasing demand for sustainable fleet planning from airline clients.

Case Study

CALC Redelivers Five Used A320s Aircraft to LATAM and Reached New Aircraft Leasing Agreement for Three A320neo Aircraft

CALC remarketed five Airbus A320 aircraft to LATAM Airlines ("**LATAM**") in 2023. These aircraft were originally leased to an airline in Latin America through the Group's sidecar CAG since 2018 and then proceeded with LATAM for remarketing and redelivery as our new customer in a new lease collaboration. The journey of repossessing the aircraft including recovery, maintenance, remarketing, and redelivery, highlights the seamless coordination of different full aircraft lifecycle service functions within the CALC Group. Working in parallel, CALC and LATAM had reached a long-term lease of three new Airbus A320neo aircraft planned for delivery by stages in 2024 and 2025. Previously, CALC's associate company, CAAM purchased six A320 airframes from LATAM for disassembly in 2022. This is a testament to the Group's one-stop fleet upgrade solutions backed by its strong asset management capabilities.

ABOUT CALC

Purchase and Leaseback

CALC purchases aircraft or accepts transfers of relevant purchase commitments from airline operators and leases the aircraft back to them. The airline operators select the appropriate aircraft, and we provide leasing services to them. It allows lessor to enlarge its owned fleet size while deepening its long-term cooperative relationship with the airline and providing support to their financial status.

Aircraft Trading

CALC is also engaged in trading of either a standalone aircraft or a lease-attached aircraft when suitable opportunities arise. We are therefore able to take into account various metrics of our aircraft portfolio, such as aircraft type, age and mix, as well as client portfolio in terms of airline type and geographic presence.

Case Study

CALC Completes Portfolio Sale of Two Aircraft

CALC completed the sale of two aircraft to funds managed by Avenue Capital Group (“**Avenue Capital**”), with the sale and transfer of the portfolio having been completed in September 2023. The transaction between the Group and funds managed by Avenue Capital includes two 2015-vintage Airbus A320ceo aircraft with leases attached to a leading regional carrier, as part of the Group’s portfolio management strategy, portfolio trading is in the ordinary course of the Group’s business that become a significant part of our efforts in underscoring aircraft asset management.

Aircraft Recycling

Disassembly of retired aircraft and subsequent reuse of the high-value second-hand components after undergoing appropriate inspection and restoration procedures are already common practices amongst major reputable airlines, bringing down their maintenance costs. CALC, together with CAAM, owns and operates two fully licensed aircraft recycling and disassembly facilities, which cumulatively disassembled more than 387 aircraft and transacted more than 100 engines in total. One of these facilities is in Mississippi, the US, (“**Mississippi Base**”) held under UAM, which provides aftermarket services for all kinds of commercial aircraft. The other one located in Harbin, the PRC (“**Harbin Base**”) is one of the first large scale aircraft recycling facility in Asia. Leverage on our experienced aircraft trading and asset management capabilities, we can provide win-win solutions that fully utilize the aircraft’s remaining life and realize the residual value with sustainable development and low carbon economy with “Diamond Status” aircraft recycling services.

Case Study

FL ARI Successfully Completed Two B737NG-800 Aircraft Disassembly

Our project team of FL ARI successfully disassembled two B737NG-800 airplanes, accumulating valuable experience in practice and exploring innovative solutions in aviation aftermarket development. The refurbished parts were reintroduced into the aviation material market, efficiently utilizing and recycling resources, promoting ESG management, adhering to sustainable development, and continuing efforts towards greener aviation.

ABOUT CALC

Component Supply

Through establishing logistics partnerships and a global MRO network, we have set up component warehouses in locations around the world to fulfil any critical component requirements for different aircraft models with our inventory of over 1 million types of components. CAAM transacted over 450,050 parts/components over the years of operation, supporting over 3,500 aviation partners worldwide.

Aircraft Investment Platform and Asset Management

Through aircraft investment and asset management platforms, CALC strives to offer aviation financial products and diversified financing patterns with stable returns, enriching product variety among capital markets.

Aviation Finance

CALC explores aviation finance products with stable return profiles, enriching product varieties in the capital market. CALC's primary objective in the green finance aspect is to mobilize capital and accelerate the transition to a sustainable, low carbon economy. CALC Tianjin issued the first low-carbon transformation corporate bonds in 2023, we ensure the use of proceeds are meticulously allocated to projects that undergo stringent environmental and financial due diligence, adheres to rigorous sustainability standards, contributes to reducing CO₂ emissions.

Case Study

Gaining Recognitions from both the PRC and International Rating Agencies

For international ratings, Moody's Investors Service Co., Ltd. ("**Moody's**") and Fitch Ratings ("**Fitch**") conducted their annual reviews for the Company, respectively. Fitch affirmed the Company's Long-Term Issuer Default Rating at BB+ with a stable outlook in June 2023, while Moody's affirmed the Company's Corporate Family Rating at Ba1 with a stable outlook this July.

Moreover, China Asset Leasing Company Limited ("**CALC Tianjin**"), a wholly-owned subsidiary of the Group, received in May 2023 an AAA issuer rating from Dagong Global Credit Rating Co., Ltd and an upgrade to AAA rating from China Cheng Xin International Credit Rating Co., Ltd, both with a stable outlook. In the future, the Group will strive to improve its international credit rating by various measures, so as to further enhance its financing capabilities with reduced costs.

Case Study

CALC Tianjin Successfully Issued Low-carbon Transformation Corporate Bonds

In June 2023, CALC Tianjin successfully issued the first tranche of 2023 low-carbon transformation corporate bonds with a scale of RMB1.5 billion. The funds raised were intended to be used in the low-carbon transformation field, amongst others, for the purchase of new aircraft with high fuel efficiency and the upgrade and replacement of aged aircraft. This optimization of the fleet structure aims to enhance the fuel efficiency of aircraft, leading to reduction in carbon dioxide emissions under equivalent transport capacity conditions compared to the current average level or older models in aviation industry.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

STAKEHOLDER ENGAGEMENT

The Group considers stakeholder as one of the most important factors in driving our success. Therefore, we endeavour to maintain constant and close communication with our stakeholders, to gain comprehensive and deep insights into the significant impact of our business on them, as well as the impact of stakeholders on our business. During the Reporting Period, we have maintained constant interaction with stakeholders via various communication approaches, with an aim to understand their expectations and views on the Group. Maintaining trusted relationships with our stakeholders enables us to develop and continuously evolves our current and future sustainability strategies, and eventually works hand in hand with our stakeholders to make progress in achieving sustainability.

| Major Stakeholders | Expectations | Communication and Responses |
|---------------------------------|--|--|
| Government and Regulators | <ul style="list-style-type: none"> • Operation under laws and regulations • Create job opportunities • Support industry development | <ul style="list-style-type: none"> • Ensure compliant operations • Actively create equal employment opportunities • Engage in business activities following the development trend in aviation industry |
| Investors | <ul style="list-style-type: none"> • Create value for shareholders • Prevent and control operational risks • Ensure information transparency disclosure | <ul style="list-style-type: none"> • Improve corporate governance structure • Investor relationship management • Comprehensive risk management system • Publish financial reports, performance reports, and other disclosure documents |
| Employees | <ul style="list-style-type: none"> • Protect the basic rights and benefits of employees • Provide platform for employee career development and training • Focus on occupational health and safety | <ul style="list-style-type: none"> • Value and timely enhance employee benefits and protection measures • Create a competitive environment for employees to pursue excellence, and establish regular and comprehensive development training programs • Build a safe and healthy working environment |
| Customers | <ul style="list-style-type: none"> • Protect customer information security and privacy • Enhance customer service and satisfaction | <ul style="list-style-type: none"> • Improve information security and network security • Provide safe and reliable products |
| Suppliers and Business Partners | <ul style="list-style-type: none"> • Pay attention to business ethics • Build a sustainable supply chain • Achieve win-win operation | <ul style="list-style-type: none"> • Open bidding information • Establish strategic partnerships |
| Communities | <ul style="list-style-type: none"> • Support community development • Strengthen community communication | <ul style="list-style-type: none"> • Organize and participate in community activities • Set up community communication channel |

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

MATERIALITY ASSESSMENT

This year, we conducted a materiality assessment by gathering, organizing, and analyzing stakeholder concerns through questionnaire surveys. Aligned with industry trends, operational strategy, and ESG policy requirements, the Group identified 21 material issues that significantly impact both the Group and its stakeholders. This process has aided the Group in defining its information disclosure priorities and charting future management directions.

DETERMINATION OF MATERIALITY

Identification

Drawing on references to national policies, industry benchmarks, and stakeholder feedback, and aligning with the Group's strategic development plans, we have identified the material ESG issues for this year.

Ranking

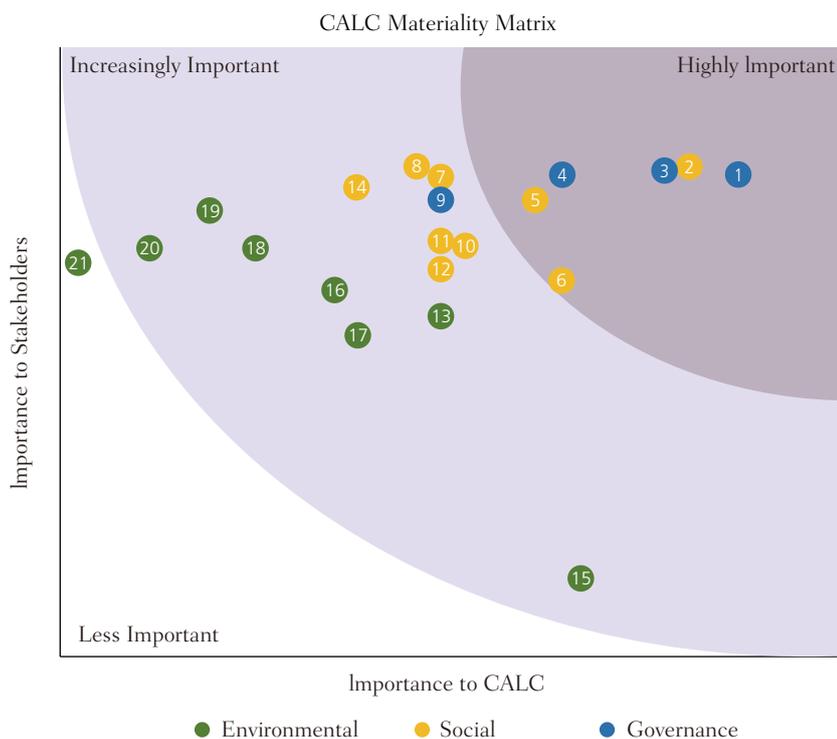
We conducted surveys by distributing questionnaires to stakeholders. Based on the survey results, we systematically conducted a quantitative analysis of these issues and ranked them in order of stakeholder interest from high to low.

Confirmation

CALC Materiality Matrix for the year 2023 was finalized based on two dimensions of "Importance to CALC" and "Importance to stakeholders". Following the management-level review of material ESG issues, highly important issues were identified.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

MATERIALITY ASSESSMENT MATRIX



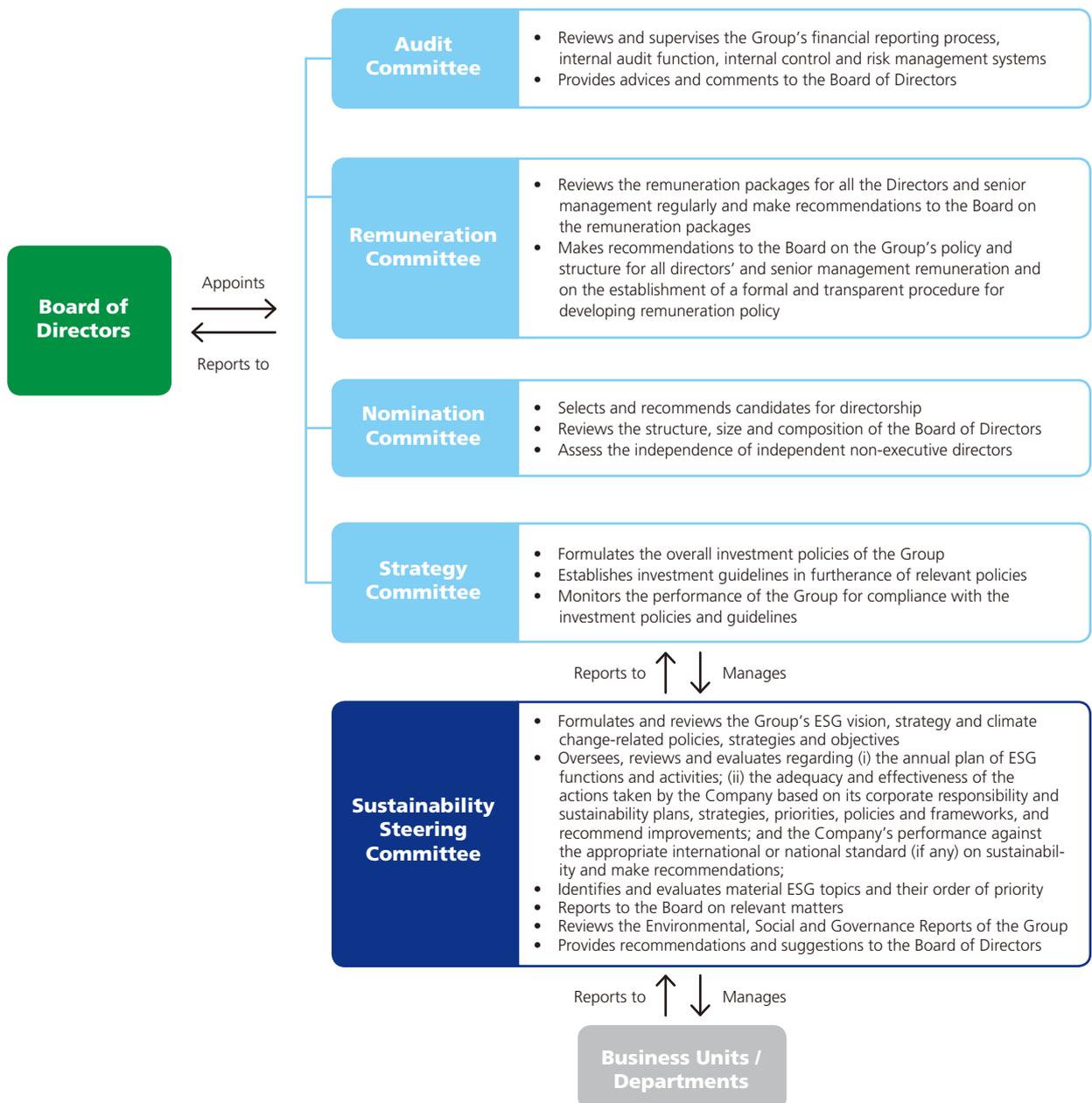
| Importance | No. | Issue |
|------------------------|----------------|--|
| Highly Important | 1 | Corporate Governance |
| | 2 | Labour Standard |
| | 3 | Anti-Corruption and Business Ethics |
| | 4 | Risk Management and Compliance Management |
| | 5 | Information Security and Customer Privacy Protection |
| | 6 | Local Community |
| Increasingly Important | 7 | Equal and Diverse Employment |
| | 8 | Occupational health and safety |
| | 9 | Investor Relations Management |
| | 10 | Employee Compensation and Benefits |
| | 11 | Employee Training and Development |
| | 12 | Supplier Management |
| | 13 | Green Leasing/Green Finance |
| | 14 | Customer Service and Communication |
| | 15 | Addressing Climate Change |
| | 16 | Water Management |
| | 17 | Greenhouse Gas Emissions Management |
| | 18 | Material Management |
| | 19 | Energy Management |
| | 20 | Biodiversity Conservation |
| | Less Important | 21 |

CORPORATE GOVERNANCE

GOVERNANCE

The SSC, chaired by the Chief Executive Officer of the Company (the “CEO”) concurrently, is responsible for allocating time and resources to be invested in the sustainability aspect of the Group’s operations; as well as identifying and managing ESG-related risks and issues that are material to the Group; and reviewing the Group’s ESG performance in due course.

For further details of our corporate governance structure and practices, please refer to the Corporate Governance Report included in the 2023 Annual Report of the Company.



CORPORATE GOVERNANCE

The Board consistently reviews ESG Committee reports, offers input on key matters, oversees and assesses ESG management progress, and suggests enhancements. This structure ensures thorough discussion and effective management of ESG issues, proper implementation of strategies, and demonstrates the Group's external responsibility and commitment, thereby advancing ESG management in the aviation industry.

OUR COMMITMENT ON ESG

The Group's ESG policy, established in 2015 and updated in 2017, outlines our principles and objectives with regard to key environmental and social topics, providing guidance to the Group's daily operations.

Our Commitment to the Environment

- Promote environmental protection among the Group's business activities and within the community.
- Establish management practices and measures to achieve environmental objectives including pollution prevention, reduction of emissions and carbon footprint, reduction of waste and resources use, and increase in recycling.
- Comply with applicable legal requirements regarding environmental protection and sustainability.
- Educate the Group's employees to become environmentally responsible.

Our Commitment to the Supply Chain

- Maintain and develop long-term strategic partnerships with suppliers who provide high-quality products, are environmentally compliant and socially responsible.
- Promote good ESG practices among our suppliers and business partners.
- Develop a comprehensive sustainable procurement system and strengthen relevant trainings of the procurement staff.

Our Commitment to the People

- Provide a quality working environment by upholding labour laws and regulations.
- Ensure a healthy and safe workplace.
- Treat employees fairly and equally.
- Safeguard employee rights and benefits.
- Provide employees with training and career development opportunities.
- Comply with legal requirements regarding business operations, labour protection and employment practices.
- Support and participate in local community, charitable and educational activities.
- Encourage the Group's employees to volunteer for community activities.

CORPORATE GOVERNANCE

SUPPORT INDUSTRY WIDE STRATEGY

As a member of ALI, a group comprised of owners of more than half of the global fleet, CALC is committed to actively addressing ALI's 2050 carbon neutrality objectives. On November 20, 2023, CALC, participated in the second ALI Global Aviation Sustainability Day in Dublin. The event brought together senior leaders and expert voices from across the aviation industry including lessors, airlines regulators, fuel producers, manufacturers, and financiers. Alongside representatives from 34 ALI-member aircraft leasing companies, the conference outlined the collective progress that has been achieved since the last Sustainable Development Day in 2022 and the plans for the coming year. CALC is poised to collaborate with other globally influential industry allies to explore avenues for achieving shared climate objectives and anticipates contributing to the aviation industry's endeavor to achieve net zero emissions.

BOARD DIVERSITY

The Group has adopted a policy on diversity of the Board members (the "**Diversity Policy**") since August 2014, which sets out the approach by the Company to achieve diversity on the Board. The Group recognizes the importance and the benefits of having a diverse Board that fits its own business model and specific needs in order to achieve its corporate goals and strategies. The Board will be chosen based on their abilities to help the Group achieve its goals and objectives. Concurrently, the Board will be made up of members from different backgrounds. These include ages, genders, cultures, education, experience, skills, knowledge and length of services.

The Group welcomes diversity at all levels, with a view to further contributing to the attainment of its strategic objectives and its sustainable development. Please refer to our Corporate Governance Report 2023 for details.

CORPORATE GOVERNANCE

ANTI-BRIBERY AND CORRUPTION

Honesty, integrity and fair play, our core values, must always be upheld by all directors and employees of the Group. We strictly comply with the Anti-Corruption Law of the PRC, the Prevention of Bribery Ordinance of Hong Kong, and the Criminal Justice (Corruption Offences) Act 2018 of Ireland. Our Code of Conduct, which includes anti-bribery and corruption policy and procedures, is in place to prevent incidents of bribery, corruption, fraud, extortion, money laundering and any other malpractice or unethical activities. No staff shall accept advantages, gifts or entertainment from our business partners, suppliers, or contractors.

In order to ensure adherence to business ethics standards throughout our daily operations, any instances of suspected corruption or embezzlement will be promptly reported to the relevant regulatory authorities. Any director or employee found to be in violation of the code of conduct will face disciplinary measures, including possible immediate termination of their appointment or employment contract. Additionally, we have implemented a reporting mechanism to safeguard whistleblowers from potential unfair treatment. The Group will promptly contact the whistleblower upon receiving the report, decide whether to proceed with an investigation, and allocate investigation resources based on the case's importance and impact. Upon completing the investigation, a written report with key evidence will be prepared promptly and kept confidential. Employees with access to reported information must maintain confidentiality. Head of internal audit and corporate compliance is responsible for witness protection, ensuring fair treatment and legal protection of witnesses to maintain a transparent reporting environment.

CALC will continue to promote its corporate governance practices as appropriate to the conduct and growth of its business and to review and evaluate such practices from time to time to ensure that the business complies with the Corporate Governance Code and aligns with the latest developments. Online anti-bribery and corruption training was provided during the Reporting Period for both directors and all employees. The training covered legal implications, anti-bribery and corruption policy under our Code of Conduct and whistleblowing procedures. During the Reporting Period, there was no legal case regarding corrupt practices brought against the Group or its employees.

SUPPLY CHAIN MANAGEMENT

We aim to establish a more fair and sustainable partnership with suppliers. The Group has established a fair and transparent Supplier Selection and Management Procedure to select and manage suppliers, aiming to minimize potential risks related to sustainable development in the supply chain. Among these measures, we utilize a supplier evaluation matrix and provide recommendations to suppliers, including environmental compliance and social responsibility. Additionally, we designate multiple professional teams to supervise and review the entire procurement process. We provide a preliminary procurement plan, with the budget and proposals prepared internally and reviewed by senior management before submission to the Strategy Committee of the Group. Moreover, we conduct regular evaluations of suppliers on a periodic basis and prioritize the use of suppliers and contractors with outstanding environmental and social performance to ensure compliance and enhance sustainable development.

CORPORATE GOVERNANCE

By working collaboratively with our major OEMs, we accelerated our actions in enhancing sustainable supply-chain management by applying screening benchmarks brought up by the International Organization for Standardization (later referred to as “ISO”). In particular, we enforced ISO 14001, ISO 9001, ISO 45001 in respect of suppliers’ environmental, quality and occupational health and safety management system during assessment. At the end of the Reporting Period, all of the CALC’s major OEMs have achieved high standards of certification internationally. The case study below quantified the statistics of our major suppliers in achieving the relevant ISO certifications characterized by regions.

Case Study

Our achievements in sustainable supply-chain management

The Audit Committee supervises the risk management and internal control processes, overseeing standards of financial reporting, risk management, and internal controls.

| | Hong Kong | Mainland China | Other Asian Regions | Outside Asia |
|---|-----------|----------------|---------------------|--------------|
| Number of OEMs suppliers | 0 | 1 | 20 | 45 |
| Proportion of OEMs suppliers with ISO14001 environmental management system certification | N/A | 100% | 100% | 100% |
| Proportion of OEMs suppliers with ISO9001 quality management system certification | N/A | 100% | 100% | 100% |
| Proportion of OEMs suppliers with ISO45001 occupational health and safety management system certification | N/A | 100% | 100% | 100% |

Table: Statistics of CALC’s Major OEMs with ISO Certifications Characterized by Regions

RISK MANAGEMENT AND CONTROL

The Group has established a risk management system. It identifies, assesses, and monitors categorized risks within the Group to ensure the sustainable development of the business. The Board oversees management in design, implementation and monitoring of the internal control systems. The Group has also formulated and implemented policies such as Credit Risk, Credit Scoring, Know Your Customers etc.

CORPORATE GOVERNANCE

At the operational level, we oversee the operational and business risks associated with the aircraft leasing business. The Group has developed the Risk Analysis Database (“**RAD**”) to record data for all aircraft, customer airlines, leasing conditions, providing credit analysis of customers, as well as analysis of asset risks and concentration risks. In December 2023, we launched the control system RAD2.0, which includes the risk rating model for airline customers. We also enforce the Know Your Customer policy and monitor potential risks. As for liquidity management, CALC has successfully proceed with an insurance claim for an aircraft leased to a Russian Airline company in December.

The Audit Committee supervises the risk management and internal control processes, overseeing standards of financial reporting, risk management, and internal controls. The internal audit department independently implements the Group’s internal control system and performs control effectiveness assessment. It conducts annual assessment of overall internal control system and operational audits to evaluate the internal controls effectiveness and sufficiency, and offering recommendations for enhancements.

LEGAL COMPLIANCE

The Group ensures all business activities are conducted with honesty and integrity through a robust compliance system. During the Reporting Period, no compliance violations were found.

In addition, we established a policy department, responsible for liaising with China governance departments and understanding the policy changes. In term of the internal collaboration, offices in different regions monitor updates on relevant regulations and the changes in business conditions.

TRANSPARENT TAX MANAGEMENT

CALC recognizes our responsibilities to fulfill our tax obligations. The Group strictly comply with the tax management laws and regulations of various countries and regions. We fulfill all tax declaration requirements, operate in compliance with the law, actively performs tax obligations, and continuously improves the quality and effectiveness of tax management.

The Group regularly reviews and discusses reports on tax matters. These reports cover various topics, including updates on significant domestic and international tax-related development, worldwide tax audits, international tax structures, tax policies, and legislative matters concerning taxation.

PRODUCT RESPONSIBILITY

CALC places a strong emphasis on product responsibility. We recognize the importance of producing and delivering products and services with high standards of quality, safety, and environmental sustainability. The Group’s commitment to product responsibility is deeply ingrained in our core values and permeates every aspect of our operations.

CORPORATE GOVERNANCE

The Group has stringent quality control measures in place to ensure product quality. We strictly comply with The Measures for the Administration of Foreign-funded Lease Industry and The Contract Law of the PRC, and are committed to offer a reliable and responsible service to our customers with thorough understanding of their needs and consistently surpassing their expectations.

We determine key risks of our products annually and set up monitoring and mitigating measures for each risk. Our professional teams meet regularly to monitor the delivery progress of the aircraft, including the availability of aviation financing, client delivery readiness, delivery completion and related legal documents, as well as manufacturing progress. A comprehensive checklist is used to ensure the processes are handled properly and completed as scheduled.

During the Reporting Period, we had no violation record on relevant laws and regulations that have a significant impact on the Group relating to product responsibility issues.

CUSTOMER SAFETY AND COMMUNICATIONS

As a full value chain solutions provider, CALC considers the safety of aircraft as our top priority. The Group acknowledges the importance of upholding high safety standards and takes measures to safeguard our customers across the entire value chain.

Stringent Aircraft Selection Process

CALC has a rigorous process for selecting aircraft to add to its fleet. We carefully evaluate the safety records, maintenance history, and overall operational performance of each aircraft before making any leasing decisions.

Comprehensive Maintenance and Inspections

CALC ensures that all leased aircraft undergo regular and thorough maintenance and inspections. We follow strict maintenance schedules and conduct rigorous checks to identify and rectify any potential safety issues promptly.

Safety Management Systems

CALC has a proactive safety management system in place to identify and mitigate risks. With experienced engineers and procedural controls, we prevent aviation engineering and aircraft configuration risks. Our team continuously monitors safety data for leased aircraft, leveraging insights to implement preventive measures and enhance safety.

Compliance with Regulatory Standards

CALC strictly adheres to all relevant aviation regulations and guidelines set forth by aviation authorities such as the Federal Aviation Administration (FAA) and the International Civil Aviation Organization (ICAO). The Group maintains a robust and up-to-date knowledge of regulatory requirements to ensure our leased aircraft meet or exceed the mandated safety standards.



Additionally, we value customer complaints as they offer valuable feedback for improving our services. Customers can easily reach out with enquiries and complaints via email, telephone or through the marketing department. To standardize complaint handling, the Group has enhanced the Complaint Response Guidelines, which specifies the comprehensive procedure for addressing various customers' complaints. During the Reporting Period, the Group did not receive any formal complaints about its services.

CORPORATE GOVERNANCE

CUSTOMER DATA PROTECTION

CALC prioritizes our customer's data privacy protection and cyber security. We recognize the importance of safeguarding customer information and has implemented a comprehensive set of practices, policies, and technologies to protect data privacy and security. The Group implements industry-leading encryption techniques, firewalls, intrusion detection systems, and other security protocols to ensure the confidentiality and integrity of customer information. In 2023, we conducted four 2-hour information security training sessions to our staff. The training is crucial for protecting sensitive customer data, preventing cyber threats, and ensuring the overall security posture of the Group.

The Group has well-defined and transparent data privacy policies in place. We clearly communicate to our customers how their data is collected, used, and stored, as well as the purposes for which it is utilized. CALC monitors customer data protection policies through regular audits and internal controls. The Group conducts periodic audits to assess the implementation of customer data protection policies across different departments and systems within the Group. These audits are instrumental in identifying any gaps or areas requiring improvement that need to be addressed.

Non-disclosure of business information and non-competitive clauses are built in the employment agreements between the Group and its employees to assure information confidentiality. We have initiated a set of policies and procedures that are complied with all relevant laws and regulations. In particular, the Customer Data (Privacy) Policy addresses the collection and use of customer data. During the Reporting Period, no accident related to customer privacy was found.

INFORMATION TECHNOLOGY (IT) SYSTEM INNOVATION AND IMPROVEMENT

The Group prioritizes technologies to drive business competitiveness. In 2023, a designated portion of our budget was allocated to technology projects, with the aim of improving productivity, streamlining operations, and enhancing customer experience.

We have established and consistently adhered to our internal information technology ("IT") policies and guidelines, while providing internal IT supports. For example, our IT-0410 CALC IT Policy and Guidelines explicitly specifies the Data Security Management Rules; our IT-0450 Disaster Recovery Policy offers guidance on proceeding with a Recovery Management System in the event of an IT System Disaster.

From the aspect of internal IT support system, an IT digital transformation plan and project priority list were formulated and approved by the Group's management at the beginning of the year. The digital transformation project management office is under the direct leadership of the CEO and President, with the IT department responsible for specific execution.

SUSTAINABILITY

CLIMATE RISK MANAGEMENT

In 2019, CALC began to conduct climate risk assessment, which allows us to understand the potential impacts of climate change on our daily business as early as possible. We regularly assess and identify long-term and short-term physical and transition risks related to climate change. After an in-depth analysis and understanding of climate-related risks and potential mitigation measures in 2020, the Group’s Climate Change Policy has come into effect on 1 January, 2022 after reviewed and approved by the SSC in 2021.

Our Climate Change Policy aims to provide general guidance for developing bespoke strategies to assess and mitigate climate risks across our business units and subsidiaries. We believe that relevant policies can greatly enable the Group to implement comprehensive measures to deal with climate-related risks, and serve as a basis for the implementation by relevant departments. This year, we continued to assess our climate-related risks in accordance with various sources, including sustainability reporting guidelines, Task Force on Climate-Related Financial Disclosure (“TCFD”) recommendations, and industry benchmarking.

ABOUT TCFD

We recognize the urgent need to address climate change and the crucial role that the aviation sector plays in this global challenge. Our Group is dedicated to leading the way in promoting sustainability and reducing our environmental impact.

The climate-related financial information disclosure as recommended by TCFD mainly covers four core elements, including governance, strategy, risk management, metrics and targets.

| Governance | Strategy |
|---|---|
| CALC’s governance in climate-related risks and opportunities management | Actual and potential impacts of climate-related risks on CALC’s business |
| Risk Management | Metrics and Targets |
| CALC’s procedures for identifying, assessing and managing climate-related risks | Indicators and targets for assessing and managing climate-related risks that are material to CALC |

Governance

As a global aircraft full life-cycle solutions provider, we understand the concerns on carbon emissions from the aviation industry and the urgency of addressing these issues. At CALC, ESG matters are overseen by SSC, chaired by the CEO. The SSC has the primary responsibility for overseeing and managing the Group’s performance and progress in sustainable development. At the same time, it is also responsible for identifying and managing climate-related risks and opportunities and implementing the CALC’s Climate Change Policy across various lines of business. Each business department is responsible for identifying its own climate risks and impacts, while implementing the specific work and reporting regularly the status and progress to the SSC.

During the Reporting Period, we have primarily adhered to an important internal climate-related policy in our daily governance, namely, CALC’s Climate Change Policy. Given the high importance placed on the climate change and its related risks, the Group has established the internal Climate Change Policy from 2015. In accordance with the changes in the internal operations and external markets over the years, we have continuously revised and added new terms by benchmarking international guidelines.

SUSTAINABILITY

CALC's Climate Change Policy aims to provide general guidance for developing better strategies to assess and mitigate climate risks for various business units and subsidiaries. This policy aligns with the guidance provided by TCFD and standardizes the processes for identifying climate assessing, and mitigating risks within the Group. Relevant content will also be disclosed in the Strategy, Risk Management, Metrics and Targets sections accordingly.

Strategy

We recognize that climate-related risks and opportunities encompass extended timeframes characterized by significant uncertainty regarding the future evolution of climate trends, policies, and socio-economic factors. CALC remains committed to enhancing risk assessments to discern climate-related risks and opportunities, as well as to grasp the ensuing impacts. According to our Climate Change Policy, we have evaluated the actual and potential impacts of climate related risks faced by the Group in 2023. Please refer to the relevant climate risks and impacts we have listed in the following table.

Risks and Opportunities Brought by Climate Change

| Risk/opportunity Category | Brief description | Potential Financial and/or operational impact | Response |
|---------------------------|---|--|---|
| Policies and Regulations | More stringent emission standards for the aviation industry | <ul style="list-style-type: none"> Increased expenditure for purchasing energy-efficient and low-emission aircraft models to meet the needs of the aviation industry | <ul style="list-style-type: none"> Invest in Energy-Efficient Aircraft Collaborate with Industry Stakeholders |
| | More stringent regulations on public disclosure requirements, including climate information | <ul style="list-style-type: none"> Increased expenditure to comply with the latest regulations and strengthen data management | |
| Market | Preference in high-efficiency aircraft by airlines | <ul style="list-style-type: none"> Increased expenditure for purchasing energy-efficient and low-emission aircraft models to meet the needs of the aviation industry Increased demands for CALC's new energy-efficient aircraft Attract more customers with CALC's high-quality fleets, including aircraft orders | <ul style="list-style-type: none"> Optimize Fleet Management Leverage Fuel-Saving Technologies |
| | Increased cost of raw materials | <ul style="list-style-type: none"> Greater expenditure on purchasing materials | <ul style="list-style-type: none"> Explore Alternative Materials |

SUSTAINABILITY

| Risk/opportunity Category | Brief description | Potential Financial and/or operational impact | Response |
|---------------------------|--|--|---|
| | Increased interest over recycling | <ul style="list-style-type: none"> As a one-stop solution provider for the entire life cycle of aircraft, the market demand for aircraft dismantling and recycling services will be increased, which will lead to an increase in revenue | <ul style="list-style-type: none"> Investment in aircraft parts trading and components recycling business Form strategic partnerships and collaborations with industry stakeholders |
| | Reduced air travel and overseas business trips due to the rising of environmental awareness of the general public | <ul style="list-style-type: none"> Lower demand for aircraft Increased demand for eco-friendly and energy-efficient aircraft models | <ul style="list-style-type: none"> Invest in Eco-Friendly Aircraft |
| Reputation | Increased attention on climate change issues by investors and clients, including the impacts on business operations and mitigation measures in place | <ul style="list-style-type: none"> More frequent stakeholder engagements is needed to better understand their views Increased expenditure in managing and responding to climate change impacts More investors and clients could be attracted through our outstanding dedication to sustainability | <ul style="list-style-type: none"> Develop a comprehensive stakeholder engagement strategy Implement a robust climate change management plan |

SUSTAINABILITY

| Risk/opportunity Category | Brief description | Potential Financial and/or operational impact | Response |
|---------------------------|--|--|---|
| Technology | <p>Advancement of low-carbon technology under the development trend of green aviation</p> <p>More aircraft using alternative fuels (such as biofuels) will be introduced</p> | <ul style="list-style-type: none"> Increased expenditure in efficient aircraft procurement and fleet upgrade, and increased investment in research and development of technology Facilitated the development of emerging markets More choices of aircraft with relevant technology due to the advancement of technology | <ul style="list-style-type: none"> Investment in Efficient Aircraft Procurement and Fleet Upgrade Diversification of Aircraft Choices |
| Physical (Acute) | Increased severity and frequency of extreme weather events such as typhoons and floods | <ul style="list-style-type: none"> Project delays and additional hours or expenses due to increased downtime Influence on supply chain Influence on water and electricity supply | <ul style="list-style-type: none"> Implement emergency response mechanism Supply Chain Diversification |

Risk Management

To discern the risks and opportunities arising from climate change in our business, we engaged external consultants and stakeholders to conduct workshops throughout the Reporting Period. These sessions served as platforms for comprehensive explanations and discussions on climate issues with relevant stakeholders, aiding in the identification of potential impacts on the Group. Subsequent to the identification and evaluation of climate-related risks, key findings were communicated to departments overseeing ESG issues. These departments, in turn, reported to the SSC, facilitating strategic adjustments in the Group's ESG approach and the proactive management of associated risks.

The response measures, whether already implemented or in the planning stage, encompass a range of initiatives, such as fleet upgrades, the adoption of sustainable suppliers, the implementation of additional ESG-related policies, and the enhancement of technological solutions. These approaches underscores our dedication to not only understanding and addressing climate-related risks but also integrating sustainable practices into our business strategy and operations.

SUSTAINABILITY

Metrics and Targets

As a member of ALI, CALC is dedicated to conducting thorough research and implementing diverse solutions that align with the aviation industry's overarching objective of attaining net zero carbon emissions by 2050. At the organizational level, our commitment to advancing performance across environmental, social, and governance dimensions is exemplified by the formulation of an internal ESG policy. This policy has been developed with the primary aim of elucidating the Group's enduring ESG objectives. In accordance with the stipulations of the ESG Policy, the Group has identified and articulated three specific targets, thereby establishing a clear framework for our long-term sustainability goals.

Case Study

Our targets in climate related performances

- Promote environmental protection for the Group's business activities and in the community.
- Establish management practices and measures to achieve environmental objectives including prevent pollution, reduce emissions and carbon footprint, minimize waste, increase recycling and minimize use of resources.
- Comply with applicable legal requirements regarding environmental protection and sustainability issues.

GREENHOUSE GAS EMISSIONS

CALC monitors its GHG emissions in accordance with our green policies. We are committed to reduce emissions. To keep track of and manage our impacts on climate change, we regularly monitor and review our GHG emissions. During the Reporting Period, our total GHG emissions were 329.40 tonnes CO₂e: Hong Kong headquarters' average emission intensity was 1.67 tonnes CO₂e per employee; Mainland China offices' average emission intensity was 2.54 tonnes CO₂e per employee; and Ireland office's average emission intensity was 0.86 tonnes CO₂e per employee.

Table: GHG emissions in 2022 and 2023 (tonnes of carbon dioxide equivalent)⁵

| | Hong Kong Headquarter | | Mainland China Office | | Ireland Office | |
|--|--------------------------|--------------|--------------------------|---------------|-------------------|--------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Greenhouse gas emissions | | | | | | |
| Scope 1 (tonnes of CO ₂ or equivalent) | 3.89 | 3.35 | 6.11 | 4.06 | 0 | 0 |
| Scope 2 (tonnes of CO ₂ or equivalent) | 47.47 | 43.28 | 46.08 | 37.40 | 18.21 | 14.15 |
| Scope 3 (tonnes of CO ₂ or equivalent) ⁶ | 70.50 | 3.02 | 132.44 | 88.45 | 1.49 | 0.02 |
| Sum (tonnes of CO₂ or equivalent) | 121.86 | 49.65 | 184.63 | 129.91 | 19.70 | 14.17 |
| Carbon Density (tonnes of CO ₂ or equivalent/ employee) | 1.67 | 0.69 | 2.49 | 2.03 | 0.86 | 0.75 |

⁵ The calculation is referenced to the "Reporting Guidance on Environmental KPIs" issued by HKEX updated in March 2022. Emission factors for electricity purchased are referenced to the information released by The Hong Kong Electric Company, Limited in 2021, "Notice About Doing Better Corporate GHG Emissions Reports and its Related Tasks in 2022" released by the Ministry of Ecology and Environment of the PRC, and the Sustainable Energy Authority of Ireland. GHG emissions from air travel is calculated by ICAO Carbon Emissions Calculator. Direct GHG emissions (scope 1) include fuel consumption; energy indirect GHG emissions (scope 2) include electricity consumption; other indirect GHG emissions (scope 3) include air travel, paper waste disposal and bottled water consumption.

⁶ The Group recorded a rise in Scope 3 GHG emissions due to the increased frequency of business travel and hotel stays, particularly at our Hong Kong Headquarters, in the post-pandemic era. Apart from the Hong Kong Headquarter, the Mainland China Office, and the Ireland Office, other offices did not have substantial operations, so as the resultant environmental impact, and therefore has not been included.

SUSTAINABILITY

Table: Scope 3 Greenhouse Gas Emissions Source Breakdown

| | 2023 |
|--|---------------|
| Sources of emissions | |
| Business Travel by Air (tonnes of CO ₂ or equivalent) | 181.34 |
| Business Travel by Railway (tonnes of CO ₂ or equivalent) | 0.82 |
| Business Stay in Hotel (tonnes of CO ₂ or equivalent) | 22.27 |
| Sum (tonnes of CO₂ or equivalent) | 204.43 |

We have a Green Office Programme to encourage employees in all offices to practice green living and save electricity. In order to continuously save energy, office equipment have been pre-set to energy-saving mode, and all offices have installed segmented lighting facilities. At the same time, we also advocate the use of virtual meetings, thereby reducing carbon emissions associate with travels.

ASSISTING AIRLINES TO SAVE ENERGY AND REDUCE EMISSIONS THROUGH OUR FLEET UPGRADE SOLUTIONS

The Group recognize the vital significance of aircraft fuel efficiency when undertaking aircraft procurement and fleet upgrades. During supplier selection, we accord high priority to their efforts in pursuing fuel efficiency in the aircraft models. To exemplify, the picture below summarises the aircraft efficiency improvement designs that we recognised in one of our biggest suppliers – Airbus.



Source of image⁷

Through a meticulous evaluation process, we identify opportunities for fleet upgrades, taking into account various factors such as aircraft age, performance metrics, and regulatory requirements etc. Leveraging the Group's industry knowledge and partnerships with leading aircraft manufacturers, we provide airlines with tailored solutions that include aircraft replacement, engine upgrades, aerodynamic enhancements, and the adoption of sustainable aviation fuels.

⁷ The image is sourced from the "A320 FAMILY: the most successful aircraft family ever" published by Airbus in September 2023

SUSTAINABILITY

To support the fleet upgrade operation, we prioritize the selection of aircraft models that maximize fuel efficiency, minimize carbon emissions and noise pollutions. With the non-stop effort contributed by our aircraft suppliers, we witnessed the launching of new technologies, such as advanced aerodynamics, lightweight materials, to enhance fuel efficiency and reduce the environmental impact. We continuously optimize our fleet, as of December 31, 2023, the Group had a total of 141 aircraft on backlog, which includes 113 Airbus A320neo. These A320neo aircraft offer at least a 20% reduction in fuel burn and CO₂ emissions, and a 50% reduction in noise footprint compared to previous generation aircraft⁸.

ENHANCING ATMOSPHERIC MONITORING IN AVIATION: CALC'S PARTNERSHIP WITH IAGOS

During the Reporting Period, CALC extended support to the In-service Aircraft for a Global Observing System (IAGOS), a European Research Infrastructure dedicated to global observations of atmospheric composition. This involved facilitating the installation of IAGOS sensors on an A330-200 aircraft (EC-MSY) operated by one of the airline partners. Leveraging commercial aircraft, these sensors are designed to collect data on greenhouse gas emissions in areas inaccessible to satellites or research aircraft. Commencing on December 4th, 2023, the installed IAGOS system will be indefinitely deployed, with the aim of covering the South Atlantic region. Additionally, a package has been installed that includes the measurement of nitrogen oxide, one of the greenhouse gases with the greatest impact.

Through our support of the IAGOS system, we contribute to the monitoring of long-term atmospheric composition, understanding climate change dynamics, and tracking pollutant transport processes like emissions from fires. This initiative also aids in enhancing the knowledge of atmospheric conditions along aircraft routes, supporting the advancement towards a greener aviation industry.

⁸ The data is referenced to the "A320neo Family The most successful commercial aircraft family, ever." released on the website of Airbus (retrieved in 18 April 2024)

SUSTAINABILITY

PROMOTING GREEN AVIATION AND LOW CARBON TRANSITION TO ACHIEVE NET ZERO CARBON EMISSIONS BY 2050

Riding on its strengths of aircraft full-value-chain operation, the Group will grasp the business opportunities brought by the rapid recovery of China and overseas aviation markets as well as the opportunities emerging from airlines' accelerated fleet replacement and optimization in response to the trend of green aviation. It would sharpen its edges in new aircraft leasing as well as mid-to end-of life aircraft solutions to further enhance its one-stop fleet upgrade service capabilities, so as to promote aviation sustainability.

Case Study**CALC and Airbus Ten Years of Excellence, Shaping the Future of Green Aviation Together**

CALC and Airbus celebrated their 10th anniversary of partnership, marking a decade of collaboration and growth in the Chinese aviation market. CALC was the first Chinese leasing company to place a large direct order with Airbus for 100 A320 aircraft, contributing to the growth of the passenger air transport market in China, which is expected to become the world's largest aviation market with over 9,000 new deliveries in the next 20 years. The partnership also emphasizes environmental, social, and governance considerations, with the addition of fuel-efficient A320neo and A321neo aircraft to the fleet, demonstrating a commitment to sustainability in the aviation industry. CALC aims to play a significant role in the sustainable development of the aviation industry by leveraging the operational advantages of the entire aircraft industry chain.

Case Study**The use of SAF for delivery flight, supporting our commitment to decarbonisation by 2050**

In June, CALC and Virgin Australia welcomes our first new aircraft in the latest generation Boeing 737 MAX family. While our approach to decarbonisation is multi-faceted, fleet modernisation is a critical part of progressing our sustainability ambitions and represents a significant opportunity to reduce our emissions intensity in the near-term. We expect our fleet renewal program, combined with other fuel efficiency initiatives, to support over 80 per cent of our 2030 interim target to reduce Virgin Australia's carbon emission intensity by 22 percent. Marking the milestone, Virgin Australia has ordered a fuel load blended with 30 percent SAF for the first leg journey (Seattle to Hawaii) of the delivery flight to Brisbane.



SUSTAINABILITY

RECYCLING AND REMANUFACTURING TO CREATE A LOW-CARBON AVIATION ECONOMY

The Group recognizes the environmental impact of traditional aircraft disposal methods and strives to transform the industry by promoting sustainable practices that minimize waste, reduce carbon emissions, and maximize resource efficiency.

We employ advanced techniques for disassembling and recycling end-of-life aircraft, ensuring that valuable materials are salvaged and reused. Our aircraft disassembly partner, FL ARI, dedicates to maximizing material recycling and reuse from retired aircraft. This reduces the need for raw materials and minimizes the environmental impact of resource extraction. Whenever possible, FL ARI refurbishes and upgrades salvaged aircraft components, extending their lifespan and reducing the demand for new parts. In addition, UAM, a subsidiary of CAAM, has secured a \$200,000 purchase order for the fabrication of door trainers for cabin crew training. Our aftermarket platforms have actively promoted circular economy principles, reduces waste generation, and contributes to a more sustainable aviation industry.

RESOURCE MANAGEMENT

Since 2018, we have been implementing the Green Office Programme to encourage the best use of resources and enhance the environmental awareness of our employees. Our Green Office Guide, issued with the support of the management, provides practical advice on conserving energy, water and office materials to support the promotion of environment-friendly operations and green living. Below are the Group's efforts aimed at enhancing efficient resource management.

Resource Management at CALC



Efficient Water Management:

The Group employs efficient water management practices, including monitoring consumption, identifying high-usage areas, and implementing strategies to reduce waste. This includes regular maintenance to prevent leaks and optimize water usage.

Recycling and Reuse:

The Group explores opportunities for recycling and reusing wherever feasible. The Group has recycling boxes for paper collection and actively contribute to paper recycling.

Water Conservation Measures:

The Group actively promotes water conservation measures within our operations and facilities. We have invested in technologies, such as water-efficient fixtures and appliances to minimize water usage.

SUSTAINABILITY

Resource Usage

We regularly arrange inspections and maintenance for all electronic equipment within the Group to ensure its optima functioning and to enhance the energy efficiency of our offices. At the same time, the IT department has implemented energy-saving modes for all computers, aiming to steadily reduce non-essential energy consumption. To further promote energy conservation, we have placed reminders throughout the office, encouraging employees to turn off electrical appliances when not in use, thereby avoiding unnecessary energy wastage.

Water usage

The Group is dedicated to conserving water, as one of the most valuable and precious resources on Earth. To this end, we have installed sensor-activated faucet and water saving devices in all offices. During the Reporting Period, the water consumption⁹ of the Group was 0.12 m³ per employee.

At our Harbin base, all wastewater is treated by the sewage treatment plant immediately on site. We have also built a sewage purification plant which achieved environmental protection standards beyond the prevailing legal requirements. Treated wastewater meets drinking water quality standards after going through 22 strict treatment procedures. We inspect the water quality twice a year to ensure the compliance with national standards.

Material usage

We are actively exploring diverse measures to reduce material consumption. We strive to continuously reduce waste generation by adopting a holistic and sustainable approach to waste management, which include avoiding the use of unnecessary resources, opting for sustainable alternatives and reusing materials.

In the offices, we use electronic means to read documents, encourage duplex printing, reduce disposables usage, and reuse office equipment and resources. We also place recycling boxes next to the printers to collect single-sided paper for reuse purpose, while collecting double-sided paper for recycling. In 2023, a total of 611 kg of paper was recycled, which was largely increased compared to the figure (66 kg) in 2022. Furthermore, most of the paper we used for financial printing is certified by responsible sourced forest resources.

⁹: Only consumption of bottled drinking water is included. All the offices are rented, in which property management companies could not provide information relating to water consumption.

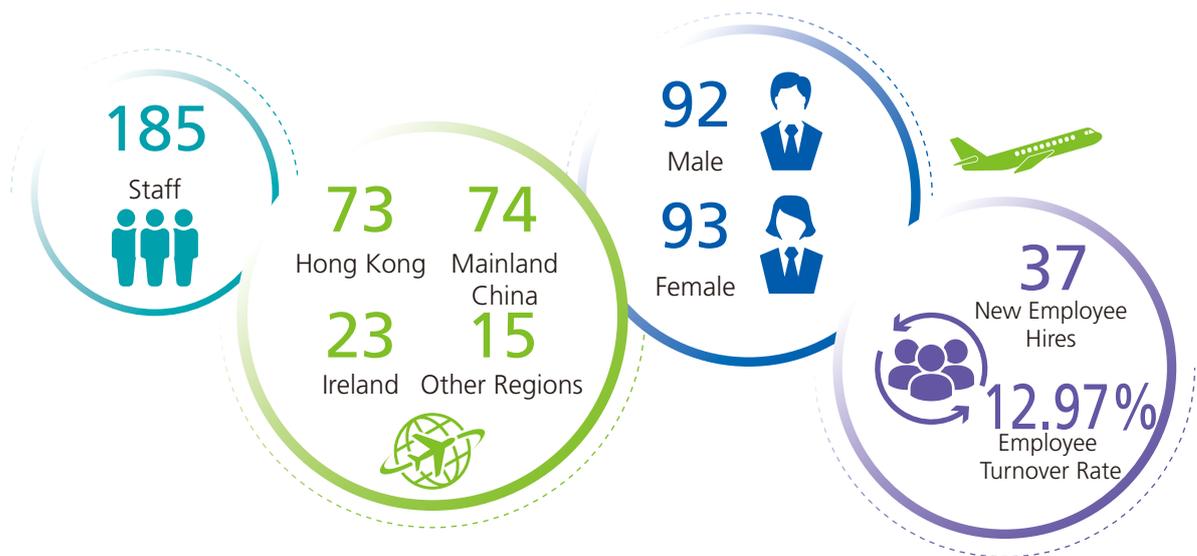
WORKFORCE AND LABOUR PRACTICES

Our people and culture initiatives are critical business priorities. Their support has helped solidify the foundation of our business. To build a high-performing team with passion and motivation, we emphasise on training and career development of employees, competitive remuneration and benefits, equal opportunity, robust occupational health and safety system as well as a healthy work-life balance. We have actively implemented responsible workforce measures and one can always make reference to procedures abided in our Employee Handbook.

A FAIR AND INCLUSIVE WORKING ENVIRONMENT

Gender equality and the progression of career development opportunities for women are also essential. As at the end of the Reporting Period, there were 183 full-time staff and 2 part-time staff in our Hong Kong headquarters, offices in Mainland China, Ireland, France, Singapore and Malaysia. The male to female ratio was 0.99:1.

At the same time, the Group places a high emphasis on a diverse and inclusive culture, providing opportunities for female talents to achieve their potential in the workplace. The Group has appointed a total of 8 women to executive or departmental leadership positions (including Executive Director, President and Chief Commercial Officer of the Group), accounting for 36.36% of Chief Level Executives and Senior Management, promoting diversity in leadership.



WORKFORCE AND LABOUR PRACTICES

With the purpose of promoting equality of opportunities and foster an inclusive work environment, we established an Equal Opportunities and Anti-Discrimination Policy. We firmly oppose discrimination, harassment and vilification in employment on grounds of sex, pregnancy, marital status, family status, disability or race. Employees who encounter any discrimination, harassment or vilification can raise concerns directly and immediately to their department head or human resources department. The Group has adopted proper procedures to ensure that all complaints are dealt with efficiently. To protect all persons making appropriate reports from any unfair treatment, the Group will strive to keep the identity of the whistleblower and all information received confidential.

We strictly oppose child and forced labour and enforce strict prohibitions against such practices. We utilize verification measures, including scrutiny of identity through national public security department networks, to prevent any instances of child labour during employee recruitment. Additionally, we respect and uphold the labour rights of all employees, ensuring reasonable working hours and leaves, and prohibiting forced labour.

During the Reporting Period, we fully complied with the applicable labour standards in all the office regions (including Hong Kong, Mainland China, Ireland, France, Singapore and Malaysia), and recorded no incidents of child or forced labour have been reported within the Group.

DEVELOPMENT AND TRAINING

The Group is committed to supporting every employee's full potential through regular and comprehensive training, crucial for our sustainable development. Our Training and Development Policy defines the training categories and provides a framework on the training application and reimbursement procedures as well as training evaluation process. The performance appraisals will be carried out during the relevant appraisal period by the department head and management to evaluate employees' abilities and performance, with the purpose to enhance the necessary skills, knowledge and qualifications in support of our business needs.

The Group regularly conducts assessments to identify skill gaps and training needs across different departments and job roles. We offer our employees internal training programs, external training courses, and subsidies for professional membership fees to ensure they are well-equipped with the skills and knowledge necessary to drive the Group forward. Below are several examples of the trainings and workshops we hosted this year.

Internal Training

Technology and IT Skills Training

We conduct regular, up-to-date IT training to equip our workforce with the skills to navigate modern IT systems adeptly. This fosters innovation and adaptability, sustaining our competitive edge in the fast-paced digital landscape.

Aircraft Configuration and Model Training

In 2023, we conducted training on new aircraft configurations and model specifics, providing employees with in-depth knowledge crucial to our operations. By prioritizing such targeted training, we create a supportive environment conducive to professional growth and skill enhancement, fostering a highly competent workforce.

External Training and Other Workshops

Financial Management and Financial Technology Training

This year, we sponsored employees for training courses at Tsinghua University PBC School of Finance to enhance their understanding of global financial management and technology trends, broadening their expertise in global financial markets and fintech.

Anti-bribery and Corruption Training

We organized training sessions to address the risks associated with bribery and corruption risks inviting all directors and employees to participate. These efforts are aimed at empowering employees to make informed decisions and report suspicious activities. Comprehensive training on "Anti-Bribery Laws and Regulations in the PRC and Hong Kong" with practical insights from legal experts has been provided to all participants.

WORKFORCE AND LABOUR PRACTICES

When allocating training resources, the Group has always adhered to the principle of 'Fair and Equal Opportunities.' Below is a record of the Group's quantified achievements in providing development and training resources.

Case Study

Our achievements in employee development

In 2023, we provided 2,143.75 hours of trainings to our employees among the Group. Below presents a detail break-down of the training hours across the employment categories and gender.

Table – 2023 Training Hours Characterized by Level of Employment Worldwide

| | Total training hours (hrs) | Proportion |
|------------------------|----------------------------------|------------|
| Chief Level Executives | 138.50 | 6.46% |
| Senior Management | 268.50 | 12.52% |
| Middle Management | 631.25 | 29.45% |
| General Staff | 1,105.50 | 51.57% |

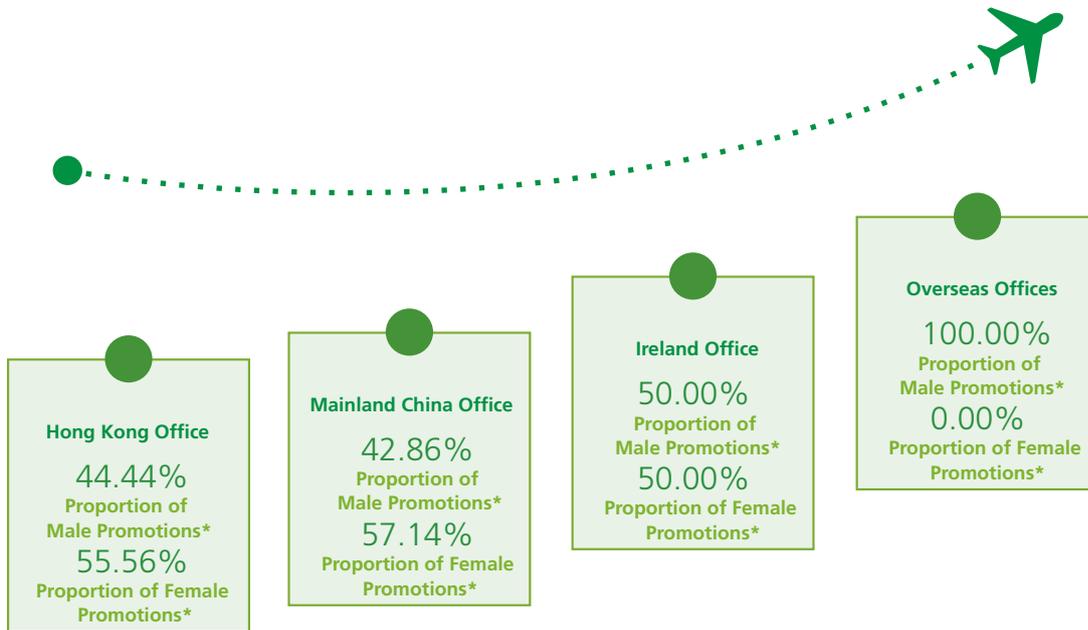
Table – 2023 Training Hours Characterized by Gender Worldwide

| | Total training hours (hrs) | Proportion |
|------------------|----------------------------------|------------|
| Male employees | 1,003.50 | 46.81% |
| Female employees | 1,140.25 | 53.19% |

EMPLOYEE PROMOTION

The Group has formulated a comprehensive mechanism for employee promotion and development, along with the Promotion Guideline. It adheres to the fundamental principles of objectivity and fairness, ensuring that employee promotions are not influenced by discrimination, bribery, or any other forms of inducement, favoritism/lobbying, friendship, or social alliances. Promotions are based on employees' job performance, contributions, qualifications, experience, and professional knowledge. The promotion cycle in the Group includes annual promotions and promotions outside the regular cycle. Eligible employees are ultimately selected through interview assessments. This year, a total of 19 employees worldwide have been promoted through the internal employee promotion policy mechanism, accounting for 10.27% of the total workforce. In terms of different regional offices, the promotion rate was 12.33% in the Hong Kong office, 9.46% in the Mainland China office, 8.70% in the Ireland office, and 6.67% in the other offices (including Singapore, France, and Malaysia). Below presents the Group's 2023 statistics of promotion characterized by gender in Hong Kong, Mainland China and Ireland Office.

WORKFORCE AND LABOUR PRACTICES



* Number of male (female) promotions divided by total number of promotions in each office

EMPLOYEE WELFARE

We regard our people as one of the important assets of our business. We care of their well-being and safeguarding measures to build a sustainable and stable team. Our employees are covered by a range of benefits including annual leave, marriage leave, maternity/paternity leave, etc. All employees are insured against any work injuries arising out of and in the course of their employment. Employees will be entitled to the group medical scheme which covers out-patient visits and hospitalisation. Employees who are on business trips will be covered by travel insurance. The Group organises various outings and charity activities in order to let employees enjoy life apart from work, while at the same time giving back to the society. We also offer trip reimbursement every year for qualified employees.

As a caring employer, this year, we continued to understand the needs of our employees and strive to enhance their welfare package. For instance, we arranged workplace massage session for our employees to have a comfortable and relaxing experience during lunch break and we also invested in adding nursing room at the office to cater to female employees who are mothers. In addition, we implemented a Work From Home Policy that allows employees in need to work from home after evaluating the situation by the Group, which is mutually beneficial to both employees and the Group.

The before-mentioned information highlighted major achievements we achieved in promoting employee welfare, in the future, we guarantee to remain concerned about our employees' well-being in every aspect of the business.

HEALTH AND SAFETY

A safe working environment is crucial for our employees. We comply with government regulations and are aiming to align with industry best practices on health and safety. We conducted regular test on the emergency evacuation procedures at all offices and organized safety trainings to enhance our employees' safety awareness. Our Employee Handbook includes a set of office safety management requirements and guidance, which includes ventilation, lighting, housekeeping, safe use and maintenance of electrical equipment as well as fire prevention in order to offer an accident-free working environment and prevent occupational diseases. In 2023, we conducted internal occupational health training sessions, ensuring workplace safety, reducing risks and promoting employee well-being. During the Reporting Period, there were no cases of non-compliance with laws and regulations related to health and safety.

GIVING BACK

Our ESG Policy defines our long-term approach to realise corporate social responsibilities. We are committed to supporting the local community, and we encourage our staff to participate in our giving-back efforts to serve the society. This year, we have continued to make various donations and participated in community activities to give back to the community and raise participants' awareness of social and environmental issues.

With the aim of paying more efforts in achieving SDGs, we have been working hard to give back to the society, building a better community together with different parties. CALC Group has established for 17 years, and we are committed to make every effort to fulfil social responsibilities along our journey.

This year, we have actively organized employees from various offices to participate in diverse charitable activities, accumulating a total participation duration of 2,890 hours. This contributes to promoting the harmonious development of society and continuously creating value for all parties involved.

| | Hong Kong office | Mainland China office | Ireland office | Total |
|--|------------------|-----------------------|----------------|-------|
| Number of public welfare activities | 7 | 1 | 3 | 11 |
| Number of participants in public welfare activities | 130 | 30 | 55 | 215 |
| Total hours spent in participating public welfare activities | 2,730 | 40 | 120 | 2,890 |

GIVING BACK

COMMUNITY ENGAGEMENT

CALC is always dedicated to fulfilling corporate social responsibility and taken the initiative to organise events that highly adhere to the Group's commitments in environmental protection and community engagement. In 2023, we partnered with Orbis, World Green Organisation ("WGO"), World Wide Fund for Nature Hong Kong ("WWF-Hong Kong"), Hong Kong Ocean Park Conservation Foundation and Irish Cancer Society, raising over HK\$227,000 in their corporate responsibility programmes. In the future, we will continue engaging in various philanthropic activities, persistently promoting sustainable development, and contributing to society and the environment. Below are the key highlights of the community engagement in 2023.

Hong Kong office

Case Study

CALC Strived for Building Up an Inclusive Society

In February 2023, CALC kickstarted its first Corporate Social Responsibility activity for 2023 with the "ICH for All – Guided Tour to Village Heritage of the New Territories", collaborating with the Hong Kong Network for the Promotion of Inclusive Society and the Intangible Cultural Heritage Office.

During the event, the teams enjoyed the charm of Hong Kong's New Territories heritage and gained a better understanding of its history. At the same time, through getting along with the visually and hearing impaired as volunteers during the guided tour, our colleagues were made more aware of their needs and developed an open attitude of acceptance and respect.



GIVING BACK

Case Study

Removing Mikania micrantha, a Plant Killer, to Maintain Ecological Balance

In April 2023, CALC participated in a “Mai Po Nature Reserve – Pest Plant Removal Volunteer Activity” organized by WWF-HK. The Mai Po Nature Reserve is a wetland of international importance with high ecological value, and the team gained an understanding of the wetland ecosystem and worked to remove an invasive plant species.

During the activity, our colleagues learnt about the importance of the wetland ecosystem in the Mai Po Nature Reserve and its daily conservation work, and had a first-hand experience with many different species of flora and fauna; the teams also worked together to help remove invasive plants to avoid damage to the reserve’s ecosystem, in order to provide a suitable environment to maintain biodiversity as well as maintain the ecological balance in the area.

CALC prioritizes ESG issues and sees environmental protection as a shared responsibility with society. The Company has been a member of WWF-HK since 2016 and encourages green living among its employees.



GIVING BACK

Case Study

CALC Partner with Orbis Braille Experience Workshop, Caring for the Visually Impaired and Creating an Inclusive Society

In May 2023, nearly 30 colleagues from CALC's Hong Kong volunteer team participated in a Braille Experience Workshop organized by Orbis. During the event, colleagues experienced the daily challenges visually impaired encountered and learnt to respect differences of everyone, thereby promoting the concept of diversity, equity & inclusion. In addition, we also created braille cards for the visually impaired in Vietnam, sending love, greetings and best wishes.

Through the workshop, CALC not only created over 110 braille cards, but also raised HK\$20,000 for Orbis, which will be used to promote Orbis's sight-saving work and benefit the needlessly blind by sharing the skills with local medical professionals across the developing world.



GIVING BACK

Case Study

CALC Held “Mil Mill” Recycled Paper Experience Tour, Actively Responding To The Call For Carbon Reduction And Recycling.

In June 2023, a group of Hong Kong staff, together with World Green, visited the “Mil Mill”, a first pulp mill and education center that recycle beverage cartons in Hong Kong, to have a green recycling experience tour. During the event, colleagues learned the whole process of recycling paper-packed beverage cartons and participated in a recycled paper workshop, realising the economic benefits of recycled paper and its importance to environmental protection, thus encouraging everyone to reduce carbon emissions from their daily lives.

CALC believes in the Green Economy concept and actively involves in eco-friendly deeds. This year, CALC has been awarded the “Green Office Award” for the eighth consecutive year, and “Eco-Healthy Workplace Label” for the sixth consecutive year, in recognition of our continuous efforts and determination to promote environmental sustainability.



GIVING BACK

Case Study

Live a Green Life: CALC Joined WGO to Organize the “Hammered Leaf and Flower Prints Workshop”

In July 2023, CALC’s HK office invited more than 20 colleagues as green life craftsmen to participate in the “Hammered Leaf and Flower Prints Workshop” organized by the World Green Organization. Under the guidance of the instructor, colleagues created unique patterns on eco bags through botanical printing, which is pollution-free and fully recyclable in order to capture the graceful images and preserve the beauty of nature’s abundant plant life.

Through the workshop, the teams embraced a low-carbon and green lifestyle, demonstrating their commitment to cherishing natural resources.



GIVING BACK

Case Study

CALC Partner with Ocean Park Conservation Foundation Hong Kong for Saving Endangered Species and Supporting Marine Conservation

In October 2023, 26 colleagues from CALC Hong Kong office were invited to participate in a Marine Ecology Conservation Tour organized by the Ocean Park Conservation Foundation Hong Kong (OPCFHK) and visited scientific research facilities such as the Hong Kong Marine Life Stranding and Education Centre and the Grand Aquarium. Guided by animal caretakers, colleagues had a closer look at the rescued sea turtle in the behind-the-scenes facility and learned about the rescue, rehabilitation and release of rescued sea turtles. We learned about ecological issues in the world's oceans and learned about the constraints faced by sea turtles, cetaceans and other endangered marine life.

For two consecutive years, CALC has supported and promoted a series of ecological conservation work of OPCFHK through donations, and will continue to support and pay attention to the global issues of biodiversity and environmental protection.



GIVING BACK

Case Study

CALC Co-Organise Beach Clean-Up Day with WGO to Protect the Marine Environment

The global problem of marine litter is becoming more and more serious, and in November, members of the CALC HK Office Volunteer Team and their family participated in the Beach Clean-up Day co-organized by CALC and the WGO at Lobster Bay in Sai Kung, to take action to protect the marine environment.

On the day of the event, we worked together under the scorching sun to collect trash at Lobster Bay Stony Beach, including plastic bottles, foam waste, etc. In the end, we collected a total of 61 kilograms of trashes to restore the beach to cleanliness, and the team also deepened their understanding of the marine litter problem with a debriefing by WGO volunteers, which inspired us to reduce waste at source in our daily life and care for the ocean.



GIVING BACK

Mainland China office

Case Study

CALC Cooperated with The White Whale for Clothes Recycling and Donation Program

In December 2023, CALC's offices in mainland China cooperated with the "White Whale Environmental Protection and Public Welfare Platform" and launched the "Used Clothes Recycling and Donation Program". Colleagues donated used clothes through the platform to backward areas such as Tibet, Xinjiang, Yunnan, Qinghai, etc. Unsuitable clothes are regenerated, processed and exported to promote environmental protection and public welfare.

The program lasted for a month and received an overwhelming response from colleagues across mainland China, donating more than 522kg of clothes in total, exceeding the set target by more than 150%. Among them, the Harbin office donated more than 330kg in total, leading the number; the Tianjin office had the largest number of participants and donated more than 90kg. In addition, Shanghai, Beijing and Shenzhen offices together donated more than 90kg. With our outstanding performance, we also successfully realized the "White Whale Rainbow Project", which fulfilled the New Year's wishes of two children in mountainous areas.



GIVING BACK

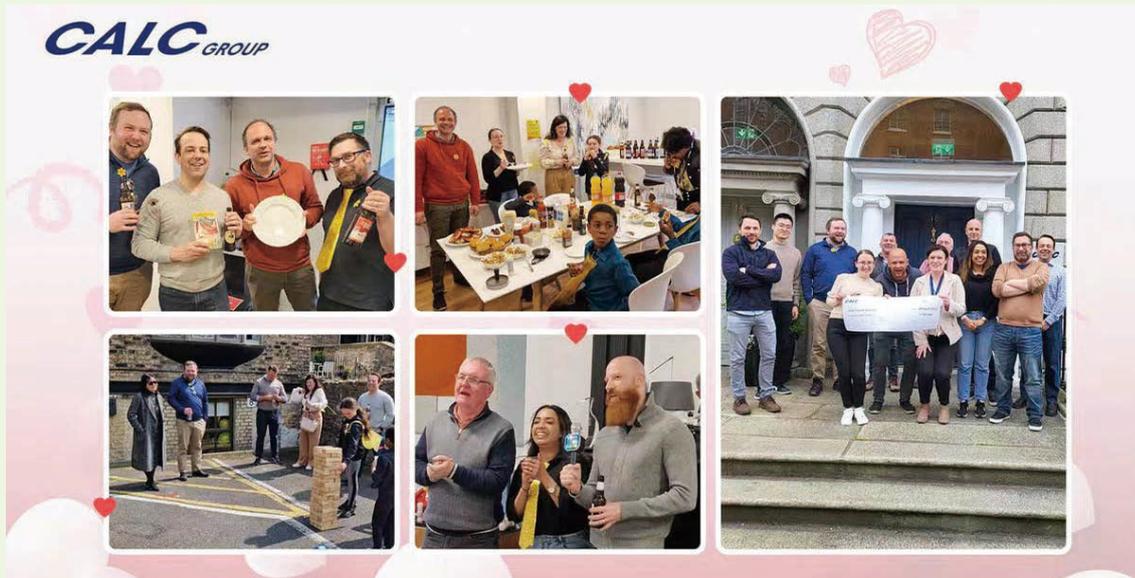
Ireland office

Case Study

Family Fun Day: Raising Funds for The Irish Cancer Society

In April 2023, CALC's Dublin team held a Family Fun Day at our Dublin office to raise funds for The Irish Cancer Society, a non-profit organization that supports cancer patients and their loved ones across Ireland.

We gathered over 40 people including staff, family and friends, charity fund was raised through the event to support Irish Cancer Society that can continue to fund vital cancer support services and research in Ireland.



GIVING BACK

Case Study

Secret Santa for Children’s Hospital

Our staff in Dublin came together to spread some holiday cheer as Secret Santas. Our staff recently made a heartwarming visit to Temple St. Hospital, where they delivered a variety of Christmas gifts to the children.

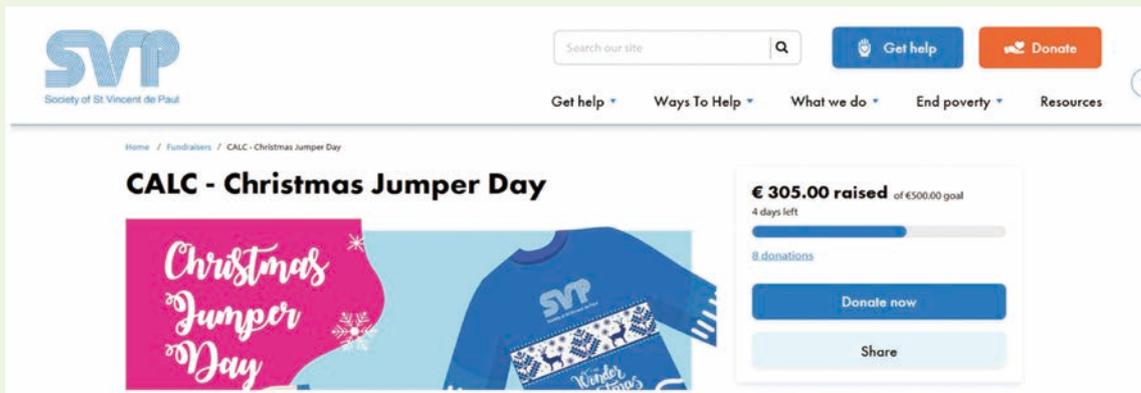
Our thoughtful team provided cozy scarves, socks, and pyjamas to help keep the children warm and snug during the winter season. In addition, our staff made sure to bring plenty of joy and smiles to the children’s faces. They gifted toys, books, and delicious chocolates, ensuring that the children could enjoy some festive fun and excitement.



Case Study

Christmas Jumper Day

Our Dublin office embraced the festive spirit by participating in Christmas Jumper Day. Together, we raised funds to spread joy and make a difference in the lives of families in need during this special time of year.



AWARDS, ACCOLADES AND MEMBERSHIP

AWARDS, ACCOLADES

During the Reporting Period, CALC has been awarded the Airline Economics 2023 – Sustainability Debt Deal of the Year for issuing the first low-carbon transformation bond in the domestic aviation and aircraft leasing industry. The award is part of the Airline Economics Aviation 100 Awards, which recognizes outstanding ESG performance and encourages a sustainable aviation industry. The Group's issuance of the low-carbon bond provides investors with a new option and demonstrates our steadfast commitment to develop the "Green Aviation". During the Reporting Period, CALC's ESG development has been honoured internationally, showcasing our innovation and breakthroughs in aviation ESG practices. Below highlights the key awards, accolades and membership of CALC in 2023.

| Awards and Accolades | Issuing Authority |
|---|--|
|  | 2023 Sustainability Debt Deal of the Year Airline Economics |
|  | UN SDGs – “Green Office Awards Labelling Scheme (GOALS)” (since 2015) “Eco-Healthy Workplace Label” (since 2017) |
|  | Social Responsibility Award 2023 Gelonghui |
|  | Innovation and Development Award – China Air Finance Wan Hoo Awards Administrative Committee of Tianjin Dongjiang Free Trade Zone |

AWARDS, ACCOLADES AND MEMBERSHIP

| Awards and Accolades | Issuing Authority |
|---|--|
|  | <p>“Caring Company” (since 2015) The Hong Kong Council of Social Service</p> |
|  | <p>“Silver Member” under Corporate Membership Programme (since 2016) WWF</p> |
|  | <p>“Corporate Partner” (since 2018) Orbis</p> |

MEMBERSHIP

Hong Kong Aircraft Leasing and Aviation Finance Association

Taking root in Hong Kong, CALC is dedicated to the development of aircraft leasing and aviation financing industry in the city, leveraging our experience in the Chinese and global leasing markets. In June 2017, CALC, as a founding member, joined forces with numerous industry partners to establish Hong Kong Aircraft Leasing and Aviation Finance Association (“**Association**”) as part of our efforts in facilitating a united force in the industry that strives to enhance Hong Kong’s status as an international aviation and financial centre. Since inauguration, the Association has been maintaining regular dialogues with the Hong Kong Government and industry players, listening to and exchanging views on various areas related to the promotion and development of aircraft leasing and financing using the Hong Kong tax platform.

ALI

ALI is a group representing the aircraft leasing industry in Ireland and comprises owners of more than half of the global fleet. In January 2022, CALC, as one of the initiators, collaborated with delegates of ALI members and launched the ESG narrative “Aviation Sustainability: Our Future”, aiming to dedicate joint efforts with the influence of global lessors to promote sustainable development in aviation industry. CALC, as one of the initiators of ALI, actively promoted this initiative. On November 20, 2023, we attended the second ALI Global Aviation Sustainability Day as council members. Alongside other member companies, we outlined the collective progress made since our last meeting in 2022, as well as our upcoming plans to advance the Net-zero goal in the years ahead. Through mutual agreement and effort, it could facilitate the promotion of sustainability development in the entire aviation industry worldwide.

PERFORMANCE DATA

ENVIRONMENTAL PERFORMANCE¹⁰

| | Hong Kong Headquarter | | Mainland China Office | | Ireland Office | |
|---|--------------------------|----------|--------------------------|----------|-------------------|-------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Greenhouse Gas (GHG) Emissions | | | | | | |
| Scope 1 (tonnes of CO ₂ equivalent) | 3.89 | 3.35 | 6.11 | 4.06 | 0.00 | 0.00 |
| Scope 2 (tonnes of CO ₂ equivalent) | 47.47 | 43.28 | 46.08 | 37.40 | 18.21 | 14.15 |
| Scope 3 (tonnes of CO ₂ equivalent) | 70.50 | 3.02 | 132.44 | 88.45 | 1.49 | 0.02 |
| Sum (tonnes of CO₂ equivalent) | 121.86 | 49.65 | 184.63 | 129.91 | 19.70 | 14.17 |
| Gas Emissions Density (tonne of CO ₂ or equivalent/employee) | 1.67 | 0.69 | 2.49 | 2.03 | 0.86 | 0.75 |
| Energy and water consumption | | | | | | |
| Direct Electricity Consumption (MWh) | 66.86 | 60.96 | 80.80 | 64.48 | 55.10 | 40.70 |
| Direct Electricity Consumption Density (MWh/employee) | 0.92 | 0.85 | 1.09 | 1.01 | 2.40 | 2.14 |
| Water Consumption (m ³) | 2.10 | 1.17 | 17.63 | 1.18 | 0.98 | 0.42 |
| Water Consumption Density (m ³ /employee) | 0.03 | 0.02 | 0.24 | 0.02 | 0.04 | 0.02 |
| Gasoline Consumption (L) | 1,647.00 | 1,236.34 | 2,587.00 | 1,500.00 | 0.00 | 0.00 |
| Gasoline Consumption Density (L/employee) | 22.56 | 17.17 | 34.96 | 23.44 | 0.00 | 0.00 |
| Material usage and recycling | | | | | | |
| Paper Usage (kg) | 710.00 | 629.36 | 2,027.80 | 3,117.74 | 216.00 | 71.00 |
| Paper Recycles (kg) | 96.00 | N/A | 215.00 | N/A | 300.00 | 66.00 |
| Waste management | | | | | | |
| Non-hazardous Waste (tonnes) | 2.06 | 1.88 | 1.20 | 0.40 | 1.18 | 0.16 |
| Non-hazardous Waste Density (tonnes/employee) | 0.028 | 0.026 | 0.016 | 0.006 | 0.051 | 0.009 |
| Hazardous Waste | | | | | | |
| Fluorescent Lamps (tonnes) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Waste Toner Cartridge (tonnes) | 0.023 | 0.000 | 0.002 | 0.000 | 0.003 | 0.000 |

¹⁰ Apart from the Hong Kong Headquarter, the Mainland China Office, and the Ireland Office, other offices did not have substantial operations, so as the resultant environmental impact, and therefore has not been included.

PERFORMANCE DATA

SOCIAL PERFORMANCE

| | Hong Kong Headquarter | Mainland China Office | Ireland Office | Singapore Office | France Office | Malaysia Office |
|-------------------------------|--------------------------|--------------------------|-------------------|---------------------|------------------|--------------------|
| Employee | | | | | | |
| Total Employment | 73 | 74 | 23 | 9 | 3 | 3 |
| Male | 32 | 32 | 19 | 6 | 2 | 1 |
| Female | 41 | 42 | 4 | 3 | 1 | 2 |
| Full-time | 72 | 73 | 23 | 9 | 3 | 3 |
| Part-time | 1 | 1 | 0 | 0 | 0 | 0 |
| Under 30 | 6 | 11 | 0 | 0 | 0 | 0 |
| Between 30 and 40 | 28 | 39 | 4 | 3 | 1 | 1 |
| Between 41 and 50 | 29 | 24 | 13 | 3 | 1 | 1 |
| Above 50 | 10 | 0 | 6 | 3 | 1 | 1 |
| Chief Level Executives | 5 | 0 | 0 | 0 | 0 | 0 |
| Senior Management | 10 | 0 | 4 | 2 | 1 | 0 |
| Middle Management | 26 | 44 | 13 | 5 | 2 | 1 |
| General Staff | 32 | 30 | 6 | 2 | 0 | 2 |
| Employee Turnover rate | | | | | | |
| Turnover rate | 23.29% | 7.89% | 8.33% | 11.11% | 33.33% | 0.00% |
| Male | 12.33% | 6.58% | 4.17% | 11.11% | 33.33% | 0.00% |
| Female | 10.96% | 1.31% | 4.17% | 0.00% | 0.00% | 0.00% |
| Under 30 | 8.22% | 1.31% | 0.00% | 0.00% | 0.00% | 0.00% |
| Between 30 and 40 | 10.96% | 2.63% | 4.17% | 0.00% | 33.33% | 0.00% |
| Between 41 and 50 | 2.74% | 2.63% | 4.17% | 0.00% | 0.00% | 0.00% |
| Above 50 | 1.37% | 1.31% | 0.00% | 11.11% | 0.00% | 0.00% |
| Employee Training rate | | | | | | |
| Male | 40.48% | 48.50% | 75.00% | 70.00% | 75.00% | 50.00% |
| Female | 59.52% | 51.50% | 25.00% | 30.00% | 25.00% | 50.00% |
| Chief Level Executives | 5.95% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Senior Management | 7.14% | 2.44% | 20.83% | 20.00% | 25.00% | 0.00% |
| Middle Management | 28.57% | 6.10% | 41.67% | 50.00% | 75.00% | 50.00% |
| General Staff | 58.33% | 91.46% | 37.50% | 30.00% | 0.00% | 50.00% |
| Total Training Hours | | | | | | |
| Male | 368.00 | 231.00 | 297.00 | 80.50 | 26.50 | 0.50 |
| Female | 684.25 | 327.00 | 86.50 | 25.50 | 10.00 | 7.00 |
| Chief Level Executives | 138.50 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Senior Management | 88.00 | 16.00 | 123.50 | 31.50 | 9.50 | 0.00 |
| Middle Management | 413.75 | 28.00 | 132.00 | 30.00 | 27.00 | 0.50 |
| General Staff | 412.00 | 514.00 | 128.00 | 44.50 | 0.00 | 7.00 |

PERFORMANCE DATA

| | Hong Kong Headquarter | Mainland China Office | Ireland Office | Singapore Office | France Office | Malaysia Office |
|---|--------------------------|--------------------------|-------------------|---------------------|------------------|--------------------|
| Promotion | | | | | | |
| Ratio of Promotion | 12.33% | 9.46% | 8.70% | 0.00% | 33.33% | 0.00% |
| Proportion of Male Promotions | 44.44% | 42.86% | 50.00% | / | 100.00% | / |
| Proportion of Female Promotions | 55.56% | 57.14% | 50.00% | / | / | / |
| Health and Safety | | | | | | |
| Number of Work-related fatalities (2021-2022: 0) | 0 | 0 | 0 | 0 | 0 | 0 |
| Lost Working Days due to Work-related Injuries | 0 | 0 | 0 | 0 | 0 | 0 |

Economic Performance for the year of 2023**Amount**
(HK\$ million)

| | |
|---|----------------|
| Direct Economic Value Generated | |
| Total Revenue | 4,763.7 |
| Profit Attributable to Shareholders of the Company | 28.3 |
| Economic Value Distributed | |
| Finance Costs | 2,244.5 |
| Other Operating Expenses ^(Note) | 341.0 |
| Dividends (2023 paid interim dividend and 2023 proposed final dividend) | 223.3 |
| Income tax expenses | 293.6 |
| Economic Value Retained | |
| Total Equity of the Group (as at 31 December 2023) | 5,140.0 |

Note: Details are set out in the Note 27 to the consolidated financial statements in the Annual Report 2023

APPENDIX I: ESG REPORTING GUIDE CONTENT INDEX

I. REFERENCE TABLE OF HKEX ESG REPORTING GUIDE

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Relevant Chapter(s) or Other References/Explanations |
|--|--|--|
| A. Environmental | | |
| A1. Emissions | | |
| General Disclosures | Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations with a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, as well as generation of hazardous and non-hazardous waste. | Since the Group's business does not involve aviation operations, no significant air and GHG emissions, discharges into water and land, and generation of hazardous waste are involved. Therefore, we have no policies in the respective aspects. There are no laws and regulations that have a significant impact on the Group relating to air and GHG emissions, discharges into water and land, and generation of hazardous and nonhazardous waste. |
| A1.1 | The types of emissions and respective emissions data. | Emissions caused by fuel combustion of the Group's vehicle ¹¹ : SO _x : 62.24g NO _x : 3,162.8g PM: 23.29g |
| A1.2 | Direct (Scope 1) and energy indirect (Scope 2) emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of the production volume, per facility). | SUSTAINABILITY PERFORMANCE DATA |
| A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of the production volume, per facility). | PERFORMANCE DATA |
| A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of the production volume, per facility). | PERFORMANCE DATA |

¹¹ Estimated by referencing the Reporting Guidance on Environmental KPIs published by the Stock Exchange of Hong Kong Limited and the Energy Utilisation Index – Transport Sector published by the Hong Kong Electrical and Mechanical Services Department.

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| Subject Areas, Aspects, General Disclosures and KPIs | Description | Relevant Chapter(s) or Other References/Explanations |
|--|--|---|
| A1.5 | Description of emissions target(s) and steps taken to achieve them. | SUSTAINABILITY There are no significant emissions generated from our daily office operations, but we aim to reduce our emissions continuously as our forward-looking target. |
| A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) and steps taken to achieve them. | SUSTAINABILITY Our daily office operations do not involve significant generation of hazardous waste but we aim to reduce our non-hazardous waste generation continuously as our forward-looking target. |
| A2. Use of Resources | | |
| General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials. | SUSTAINABILITY |
| A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of the production volume, per facility). | PERFORMANCE DATA |
| A2.2 | Water consumption in total and intensity (e.g. per unit of the production volume, per facility). | PERFORMANCE DATA |
| A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | SUSTAINABILITY Through our green office initiative, we aim to reduce our energy consumption continuously as our forward-looking target. |
| A2.4 | Description of whether there is any issue in sourcing water which fit for purpose, water efficiency target(s) set and steps taken to achieve them. | SUSTAINABILITY Water for our office use is obtained from municipal water supplies. There are no associated issues regarding water sourcing. We aim to reduce our water consumption continuously as our forward-looking target. |
| A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | Our operations do not involve the use of packaging material. |

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| Subject Areas, Aspects, General Disclosures and KPIs | Description | Relevant Chapter(s) or Other References/Explanations |
|--|--|---|
| A3. The Environment and Natural Resources | | |
| General Disclosure | Policies on minimising the issuer’s significant impacts on the environment and natural resources. | SUSTAINABILITY |
| A3.1 | Description of the significant impacts of activities on environment and natural resources and the actions taken to manage them. | The Group’s business activities mainly comprise office operations, which will not cause significant impact on the environment and natural resources. |
| A4. Climate Change | | |
| General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | SUSTAINABILITY We have adopted our Climate Risk Policy which has been reviewed and approved by the Sustainability Steering Committee of the Board with effect from 1 January 2022. |
| A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | SUSTAINABILITY |

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**Subject Areas,
Aspects, General
Disclosures and
KPIs****Description****Relevant Chapter(s) or
Other References/Explanations****B. Social****B1. Employment and Labour Practices**

| | | |
|---------------------|--|--|
| General Disclosures | Information on: (a) the policies; and (b) compliance with relevant laws and regulations with a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, work-hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | WORKFORCE AND LABOUR PRACTICES There are no laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. |
| B1.1 | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region. | WORKFORCE AND LABOUR PRACTICES PERFORMANCE DATA |
| B1.2 | Employee turnover rate by gender, age group and geographical region. | PERFORMANCE DATA |

B2. Health and Safety

| | | |
|---------------------|---|--|
| General Disclosures | Information on: (a) Policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe work-environment and protecting employees from occupational hazards. | WORKFORCE AND LABOUR PRACTICES There are no laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards. |
| B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | PERFORMANCE DATA |
| B2.2 | Lost days due to work injury. | PERFORMANCE DATA |
| B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | WORKFORCE AND LABOUR PRACTICES |

APPENDIX I: ESG REPORTING GUIDE CONTENT INDEX

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Relevant Chapter(s) or Other References/Explanations |
|--|--|--|
| B3. Development and Training | | |
| General Disclosure | Policies on improving employee knowledge and skills for discharging duties at work. Description of training activities. | WORKFORCE AND LABOUR PRACTICES |
| B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | PERFORMANCE DATA |
| B3.2 | The average training hours completed per employee by gender and employee category. | PERFORMANCE DATA |
| B4. Labour Standards | | |
| General Disclosures | Information on: (a) the policies; and (b) compliance with relevant laws and regulations with a significant impact on the issuer relating to preventing child and forced labour. | Since the Group’s business does not involve any deployment of child labour or forced labour, the Group has not formulated specific policies on the topic. However, our ESG Policy states our commitments on complying with applicable legal requirements regarding labour protection, which includes the prevention of child and forced labour. There are no laws and regulations that have a significant impact on the Group relating to preventing child and forced labour. |
| B4.1 | Description of measures to review employment practices to avoid child and forced labour. | The Group regularly reviews its employment practice to ensure that we are in compliance with the Employment Ordinance of Hong Kong, Labour Law of the PRC, and other laws and regulations related to child and forced labour. |
| B4.2 | Description of steps taken to eliminate such practices when discovered. | The Group has zero tolerance towards such practice. Violations are subject to internal disciplinary actions or handled by relevant authorities. |

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| Subject Areas, Aspects, General Disclosures and KPIs | Description | Relevant Chapter(s) or Other References/Explanations |
|---|---|---|
| B5. Supply Chain Management | | |
| General Disclosures | Policies on managing environmental and social risks of the supply chain. | CORPORATE GOVERNANCE |
| B5.1 | The number of suppliers by geographical regions. | The number off total suppliers including OEMs: Hong Kong: 26 Mainland China: 31 Other Asian Country: 27 Outside of Asia: 62 |
| B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | CORPORATE GOVERNANCE |
| B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | CORPORATE GOVERNANCE The major products that the Group procures are aircraft and aircraft engines. Meanwhile, there are limited suppliers of these products from the global network, in which most of the suppliers adopted sustainable strategies to deliver sustainable and green products through innovation. |
| B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | CORPORATE GOVERNANCE SUSTAINABILITY |

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| Subject Areas, Aspects, General Disclosures and KPIs | Description | Relevant Chapter(s) or Other References/Explanations |
|--|---|--|
| B6. Product Responsibility | | |
| General Disclosures | Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations with a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | CORPORATE GOVERNANCE <p>The Group has not identified material concerns in its operations regarding advertising, labelling and privacy matters, thus a dedicated policy is not in place. The Group places corporate advertisement in certain trade magazines, of which the content is monitored and approved by the IPR & GR & SR department to ensure accuracy.</p> <p>There are no legally significant impact on the Group regarding health and safety, advertising, labelling and privacy matters relating to the products and services provided by the Group.</p> |
| B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | There were no cases during the Reporting Period. |
| B6.2 | The number of products and service related complaints received and how they are dealt with. | There were no cases of products and services related complaints received during the Reporting Period. |
| B6.3 | Description of practices relating to observing and protecting intellectual property rights. | The Group has registered our trademarks in Hong Kong and the PRC, and registered our domain name in Hong Kong. We will take immediate actions if scams or infringements against the Group's interests are discovered. |
| B6.4 | Description of quality assurance process and recall procedures. | CORPORATE GOVERNANCE SUSTAINABILITY |
| B6.5 | Description of protection for consumer data and privacy policies, and how they are implemented and monitored. | CORPORATE GOVERNANCE |

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| Subject Areas, Aspects, General Disclosures and KPIs | Description | Relevant Chapter(s) or Other References/Explanations |
|---|---|--|
| B7: Anti-corruption | | |
| General Disclosures | <p>Information on:</p> <p>(a) Policies; and</p> <p>(b) Compliance with relevant laws and regulations with a significant impact on the issuer</p> <p>relating to bribery, extortion, fraud and money laundering.³</p> | <p>CORPORATE GOVERNANCE</p> <p>Ethical behaviour and compliance with applicable laws and regulations is of utmost importance to the Group as it affects the Group's reputation. Thus, in the Group's Code of Conduct, we articulate the standard of behaviour that we expect our employees to live up to. Beyond the Code of Conduct, we provide training to help directors and employees to understand the meaning of the Code of Conduct and their expected actions.</p> <p>The Anti-corruption Law of the PRC and Hong Kong 's Prevention of Bribery Ordinance aim at maintaining a fair and just society and stating punishments against corruption and misbehavior.</p> |
| B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases. | CORPORATE GOVERNANCE |
| B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | CORPORATE GOVERNANCE |
| B7.3 | Description of anti-corruption training provided to directors and staff. | CORPORATE GOVERNANCE |

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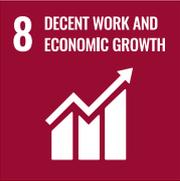
| Subject Areas, Aspects, General Disclosures and KPIs | Description | Relevant Chapter(s) or Other References/Explanations |
|---|--|---|
| B8. Community Investment | | |
| General Disclosures | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | CORPORATE GOVERNANCE GIVING BACK |
| B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | CORPORATE GOVERNANCE GIVING BACK |
| B8.2 | Resources contributed (e.g. money or time) to the focus area. | GIVING BACK |

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II. REFERENCE TABLE OF SUSTAINABLE DEVELOPMENT GOALS (SDGs), GLOBAL SUSTAINABILITY STANDARDS BOARD (GSSB) GRI SUSTAINABILITY REPORTING STANDARDS

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| Assisting Airlines to Save Energy and Reduce Emissions Through our Fleet Upgrade Solutions | | 305-7/305-5 |
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APPENDIX II: READER'S OPINION

Respected readers:

Thank you for reading this report. We appreciate and look forward to your feedback, please send your comments to us at ir@calc.com.hk. Your opinions and suggestions are important for us to continuously improve corporate ESG information disclosures and promote corporate ESG management and practice. Welcome and sincerely thank you for your valuable opinions!

1. Your overall assessment of our ESG performance is:

Excellent Good Average Bad Very bad

2. Your overall assessment of this report is:

Excellent Good Average Bad Very bad

3. What do you think of our performance in communication with stakeholders?

Excellent Good Average Bad Very bad

4. What do you think of our performance in sustainable development?

Excellent Good Average Bad Very bad

5. What do you think of our performance in green development?

Excellent Good Average Bad Very bad

6. What do you think of our performance in digitalization?

Excellent Good Average Bad Very bad

7. What do you think of our performance in social contribution?

Excellent Good Average Bad Very bad

8. What are your opinions and suggestions for our ESG performance and this report?