

CALC

China Aircraft Leasing Group Holdings Limited

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

Stock code: 01848

Flying for Sustainable excellence



2021

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT



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ABOUT THIS REPORT

This report is the eighth Environmental, Social and Governance (“**ESG**”) report published by China Aircraft Leasing Group Holdings Limited (“**CALC**” or the “**Company**”, together with its subsidiaries, the “**Group**”). We are pleased to present to our stakeholders 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

The four principles below have been observed in 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 SR reliably.
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.

REPORTING SCOPE, BOUNDARY AND FREQUENCY

This report covers our sustainability performances of our operations with controlling interests, including our Hong Kong headquarters, Mainland China offices, and Ireland office during the period from 1 January 2021 to 31 December 2021 (the “**Reporting Period**”).¹ For easy comparison of the Group’s annual performance, the structure of this report is aligned with the previous one as closely as possible. This year’s reporting scope is no different from last year’s.

¹ Sub-contractors and outsourced services are excluded.

² Please refer to the “Sustainability” chapter of this Report for more information.

ABOUT THIS REPORT

REFERENCED GUIDELINES

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the guidelines² published by the Hong Kong Environmental Protection Department, the Ministry of Ecology and Environment of the People’s Republic of China, and International Civil Aviation Organization (“**ICAO**”) in our greenhouse gas (“**GHG**”) emissions analysis.

BOARD OVERSIGHT OF ESG AND CLIMATE MATTERS

The Board is responsible for overseeing the Sustainability Steering Committee’s (“**SSC**”) tasks and reporting, including the review and approval of this ESG report and relevant material ESG issues, with an aim to fully incorporate ESG considerations when determining the Company’s business direction and strategy.

Under the authority of the Board, the SSC is responsible for formulating the Company’s ESG and climate change related policies, strategies and objectives; supervising the Company’s performance and effectiveness in implementing sustainability related measures; identifying and evaluating material ESG topics and their order of priority that are relevant to our operations and stakeholders; and reporting to the Board on relevant matters. The SSC is also tasked with reviewing this ESG report and provide recommendations and suggestions to the Board.



MESSAGE FROM CEO

The year 2021 marked CALC's 15th anniversary, on behalf of our Board of Directors, I would like to thank all of our partners and stakeholders. Your support and care have been lightening up our journey and contributing to our foundation.

Since its establishment, CALC has gradually evolved into a prominent player in China's aviation financing sector as well as a world-leading one-stop aircraft full value chain solutions provider. According to ICF, as at 31 December 2021, the combined value of our owned fleet and order book assets totalled US\$15.6 billion, ranking eighth among global aircraft lessors. Our aircraft order book as at 30 June 2021 ranked third among global aircraft lessors (according to *Airfinance Journal*).

GREEN AND SUSTAINABLE BUSINESS MODEL RECOGNISED BY THE MARKET

ESG has always been a top priority in CALC's agenda. Bringing to life our commitment to sustainability, CALC is a forerunner in building our infrastructure along the industry value chain in the area of circular economy, aiming at developing a business model that covers the aircraft full lifecycle, and establishing a firm footing for sustainable operations.

We have been working closely with aircraft manufacturers to include modern fuel-efficient aircraft in our order book. As at the end of 2021, our order book comprised 148 Airbus A320neo series aircraft which met airline clients' needs for green fleets, facilitating low-energy-consumption air travel. In parallel, we have a comprehensive blueprint in place for the recycling and remanufacturing of decommissioned aircraft and have been enhancing our capabilities persistently through our two recycling facilities at Harbin in China and Memphis in the USA. Our aftermarket business segment was granted Part 145 approval certification by Civil Aviation Administration of China ("**CAAC**") for regular inspection and maintenance of A320 series aircraft, making us fully qualified for provision of one-stop aircraft maintenance, disassembly and aircraft component distribution services across China, Europe and the USA. These qualified service offerings significantly increase the utility and realised values of mid- to end-of-life aircraft while promoting sustainable development of the aviation industry.

Leveraging our aircraft full value chain service capability and expertise, we continued to provide tailor-made fleet upgrade solutions for our airline clients last year, including successful completion of purchase and leaseback transactions for 17 aircraft, allowing the carriers to decommission old aircraft while securing sourcing of new aircraft to meet their capacity needs. To date, our aftermarket platform has cumulatively disassembled more than 380 aircraft and processed about 80 engines in total. The contribution of our one-stop fleet upgrade solutions in reducing airlines energy consumption and carbon emissions has been recognised with the "Social Innovation Contribution Award" in 2021 Yicai Corporate Social Responsibility Ranking in China.

MESSAGE FROM CEO

INNOVATION AND COLLABORATION WITH PEERS TO SUPPORT GREEN AVIATION

We are committed to achieving breakthroughs in aircraft recycling and remanufacturing. Our associated company Universal Asset Management, Inc. ("**UAM**") is the first to fully recycle and reuse carbon fibre composite material from decommissioned commercial aircraft. UAM successfully repurposed parts from a disassembled Airbus A320 aircraft into an over-wing emergency exit trainer and a main entry-door trainer for cabin training simulation, again adding new applications to aircraft recycling and remanufacturing.

We have been strengthening cooperation and partnership with our peers to unleash our influence in the aircraft leasing industry and aviation industry, in order to align with new trends in industry development and proactively support collective pursuit of sustainable development of green aviation. As one of the initiators, CALC collaborated with delegates of Aircraft Leasing Ireland (ALI) members, using their influence as owners of more than half of the global fleet, jointly launched an ESG narrative "Aviation Sustainability: Our Future" in early 2022, aiming at developing an ESG charter for aircraft leasing and dedicating efforts to accelerate technology development in the aviation industry to achieve Net Zero by 2050.

FORGING TALENTS AND CONTRIBUTING TO THE SOCIETY

Staff development is core to CALC's development. On the top of occupational health and safety, we continue to recruit talents and provide them with regular comprehensive training to unleash their potential, assist in their growth trajectories and their career development. In doing so, we shall be building a professional, proactive, efficient and harmonious team, and together we will facilitate sustainability development of the Company's businesses.

Looking back at challenges we faced during the COVID-19 pandemic for the year, we shouldered our corporate social responsibilities to the best of our abilities through various donations and community activities to support those in need. After we donated materials including masks, protective clothing and medical goggles domestically to China and to overseas countries in 2020, in response to the severe outbreak in Hong Kong in the first quarter of 2022, CALC took an initiative under the leadership of China Everbright Group and China Everbright Limited as we joined forces with China Everbright Limited in a volunteer donation campaign "Fighting the Pandemic with One Heart, Caring for the Elderly", and procured large quantities of pandemic prevention supplies to help the elderly staying in caring homes and those who helped on the frontline to fight against the pandemic.

CALC continued our partnerships with NGOs such as Orbis, World Green Organisation ("**WGO**") and World Wide Fund for Nature Hong Kong ("**WWF-Hong Kong**") to raise funds and support those with vision disabilities, ecological conservation, coastline cleanliness and cultural preservation, etc., shouldering our corporate social responsibilities.

MESSAGE FROM CEO

ESTABLISH THE FOUNDATION FOR A SUSTAINABLE FUTURE

China's exceptional success in its fight against the pandemic has helped stabilise its economy. We are grateful to embrace gradual recovery of the aviation industry with the prevention and control measures. With more and more countries relaxing their border lockdowns, and measures undertaken by airlines such as adding new routes and launching innovative service models, the aviation industry is exhibiting resilience once again. Having participated in and witnessed the boom in the civil aviation industry in China, we are adhering to our business principle of proactive exploration, supporting the Chinese Government's guidance on the green finance system and serving the real economy. We are taking roots in China and aiming for the world. CALC will plan our future sustainable development surrounding the aviation full value chain blueprint, enhance our ESG governance, embrace a sustainable future for the aviation industry and become a responsible corporate citizen role model. We believe that we will tap opportunities afforded by the forthcoming recovery to create long term value for mutual development of the business, the society and the environment.

Poon Ho Man

Executive Director and Chief Executive Officer

Hong Kong, 16 March 2022

ABOUT CALC

Established in 2006 and headquartered in Hong Kong, CALC Group is the first aircraft operating lessor in China and currently the largest independent lessor in the country. CALC is a top-three global lessor as at 30 June 2021 by *Airfinance Journal*, based on its strong order book; and a top-ten global lessor, in terms of total asset value of owned fleet and order book as of 31 December 2021, by ICF. As of 31 December 2021, CALC's fleet totaled 152 aircraft, including 127 owned fleet and 25 managed aircraft, with 244 new aircraft on order.

CALC is the founder and the largest shareholder of Aircraft Recycling International Limited ("**ARI**"), which is a multi-strategy aviation company providing asset management services and comprehensive solutions for mid-to end-of-life aircraft. Its comprehensive service offerings include aircraft and engine leasing, direct purchases and portfolio trading, aircraft purchases and leasebacks, supply of aircraft components, disassembly and recycling, MRO, aircraft conversion and more. CALC, backed by the technical expertise of ARI as well as full operations in two recycling facilities in China and the US continues to exploit synergies and expand its technical expertise in aircraft recycling to maximise value of retired aircraft.

The Group's maintenance, repair and overhaul ("**MRO**") joint venture unit, FL ARI Aircraft Maintenance & Engineering Co., Ltd ("**FL ARI**") received the Civil Aviation Administration of China ("**CAAC**") Part 145 maintenance approval certificate and the European Aviation Safety Agency ("**EASA**") Part 145 maintenance approval certificate, recognising FL ARI's ability to provide line maintenance support for Boeing 737 NG series and Airbus A320 series aircraft. During the year, FL ARI was awarded the Part 145 maintenance approval certificate for A320 series aircraft by CAAC, our aircraft recycling facility in Harbin has been approved to be included in the flight zone of Harbin Taiping International Airport, further enhancing its capability in servicing aircraft for domestic routes.

The Group and its associated companies have obtained full licenses for aircraft maintenance, disassembly, and component trading services in China, Europe, and the US, making it a rare few to provide aircraft full value chain solutions globally.

Successfully listed in Hong Kong as the first publicly traded aircraft leasing company in Asia under stock code 01848.HK in July 2014, CALC is currently a constituent stock of the 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, and structured finance, as well as value-added services including fleet planning, fleet upgrade, aircraft maintenance, repair and overhaul, aircraft disassembly and recycling, as well as aircraft components trading.



ABOUT CALC

Aircraft Procurement

The Group procures new and used aircraft from aircraft manufacturers and international secondary aircraft markets. Direct purchases of aircraft from Original Equipment Manufacturers (“**OEMs**”) enable us to manage our aircraft portfolio better in measures of aircraft model, aircraft age mix and residual value extraction.

Aircraft Leasing

CALC maintains close contact with its existing airline customers and explores leasing 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.

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.

Fleet Upgrade

CALC offers fleet upgrade services via trading in old aircraft while leasing new ones from our order book. With our ability to re-market used aircraft to international secondary aircraft markets, CALC is one of a few lessors in China that offers fleet upgrades to meet the increasing demand for flexible fleet planning from airline clients.

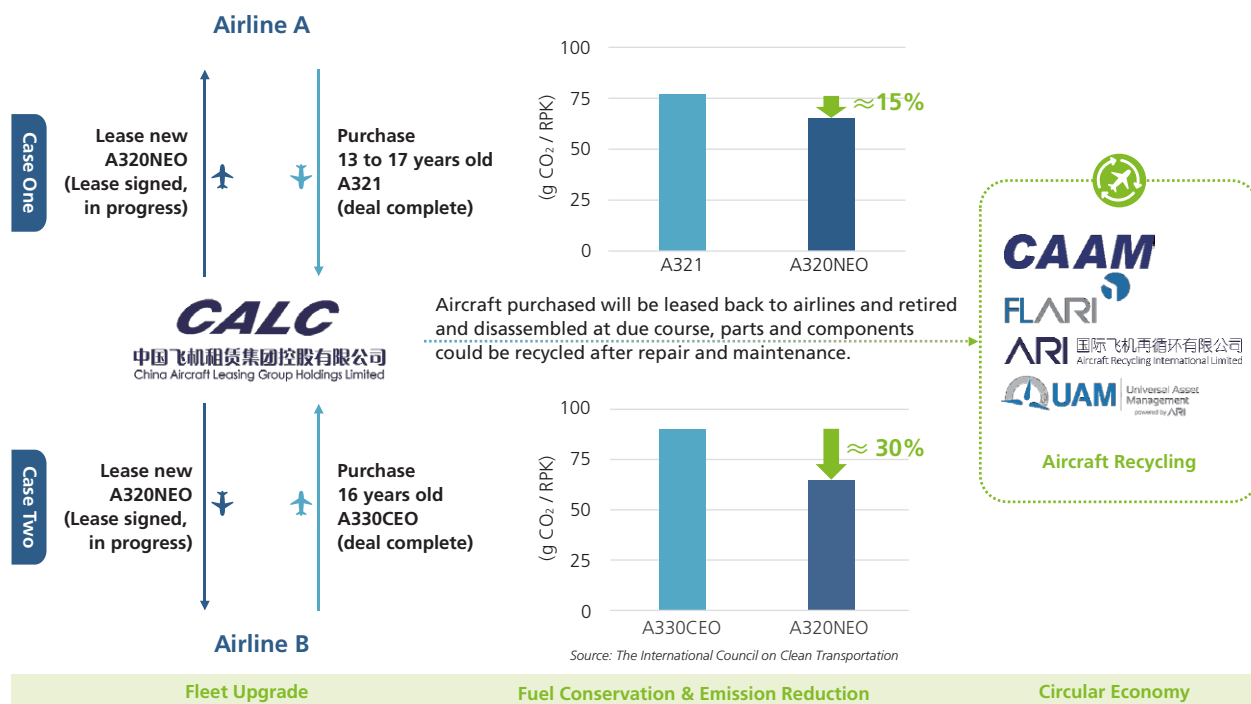
Case Study

CALC's Fleet Upgrade Solution Helps Airlines to Conserve Fuel and Reduce Carbon Emission

In 2021, CALC has completed 17 purchase and leaseback transactions for mid- to end-of-life aircraft with two top airline customers. These aircraft will be handed over to and provide pipeline of aircraft assets for our aviation aftermarket platforms after the leases end. Leveraging its professional one-stop management capabilities for mid- to end-of-life aircraft, the Group plans to extend service lives and maximise value of these aircraft by remarking in secondary markets, “Passenger-to-Freighter Conversion”, disassembling and recycling, etc.

While helping airlines retire old aircraft, CALC will deliver and lease a total of 24 new A320 aircraft to these two airlines from its large order book. One aircraft has been delivered in 2021, and the rest are expected to be delivered before 2024, assisting airlines in building green fleets, fulfilling capacity needs while saving fuel and reducing carbon emissions.

ABOUT CALC



An Illustration of Carbon Emission Reduction through CALC's Fleet Upgrade Solution

Taking a 20-year-old A320ceo upgraded to a new A320neo as an example, it is expected to reduce carbon emissions from Earth by 50,000 tons over 10 years under a hypothetical scenario*.

After the 20-year-old A320ceo is delivered to our aviation aftermarket platform, we will promote and contribute to low-carbon economy either through "Passenger-to-Freighter Conversion" (reducing average age of freighter fleet), or disassembling and recycling, etc.

Note: *including the following basic assumptions:

- 1) CO₂ emission of A320neo averaged 89.9g/seat mile (source: IBA)
- 2) CO₂ emission of A320ceo averaged 109.7g/seat mile (source: IBA)
- 3) the number of seats for each aircraft is 150 seats
- 4) the average flight time for each aircraft is 3,100 hours per year
- 5) the average mileage for each aircraft is 540 miles per hour per year

ABOUT CALC

Aircraft Trading

CALC is also engaged in trading of either a standalone aircraft or a lease-attached aircraft when suitable opportunities arise.

Aircraft Recycling

CALC, together with ARI, owns and operates two aircraft recycling and disassembly facilities, which cumulatively disassembled more than 380 aircraft and processed about 80 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, China ("**Harbin Base**") is the first large-scale aircraft recycling facility in Asia.

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.

Case Study

UAM develops trainers manufactured from disassembled Airbus A320

More than 50% of the aircraft body structure is composed of carbon fibre, but the industry has never been able to find a feasible solution to recycle carbon fibre. Our UAM aircraft disassembly platform, combines materials science with advanced manufacturing craftsmanship, and applies self-developed technology. The technology is the first in the world to adopt carbon fibre reinforced polymer ("**CFRP**") composite material from commercial aircraft as raw material for building engine brackets using 3D printing technology. Using this technology, CFRP material recovered from retired aircraft can be recycled into raw industrial materials, which are widely used in the automobile industry and other manufacturing industries that require a large amount of carbon fibre material. In early 2022, UAM's professional aircraft technical team struck another breakthrough in aircraft recycling innovation. It has successfully manufactured an over-wing emergency exit trainer and a main entry-door trainer for cabin simulation training by using components from an Airbus A320 aircraft which was undergoing disassembly. After their certification by the US Federal Aviation Administration, they will be used to train flight attendants for the global fleet.

Component Supply

Through establishing logistics partnerships and a global MRO network, we have set up component warehouses in locations around the world to fulfill any critical component requirements for different aircraft models with our inventory of over 1 million types of components.

Structured Finance

CALC offers aviation financing products with stable returns through its aircraft investment and asset management platforms, enriching product variety in capital markets.

ABOUT CALC

Case Study

CALC (Tianjin) – Bond Issuance Taking Off

As CALC strives to become a world-leading aircraft lessor, we are advancing innovation and development of the domestic aviation industry through our aviation financing business. The Group's wholly-owned subsidiary that mainly serves the Chinese market, China Asset Leasing Company Limited ("**CALC (Tianjin)**"), was founded in 2010 in the Tianjin Free Trade Zone. CALC (Tianjin) has received recognitions from major rating agencies and the investment market as an outstanding issuer of domestic bonds.

Apart from our diverse financing channels of medium-term notes, corporate bonds, and short-term debentures, CALC (Tianjin) has prepared to issue green bonds in 2022, effectively putting sustainability into practice by integrating aviation, financing and ESG into one. CALC (Tianjin) has issued nine bond tranches to date, totaling RMB6.07 billion. The proceeds are then applied to aircraft procurement, loan application from financial institutions and to repay matured bonds.

As an active and outstanding bond issuer in China, CALC (Tianjin) strictly complies with multiple regulations, including the *Environmental, Social and Governance Reporting Guide* of The Stock Exchange of Hong Kong Limited, the *Guidelines of Shanghai Stock Exchange for Environmental Information Disclosure of Listed Companies and for the Preparation of the Report on Performance of Corporate Social Responsibility*, etc. CALC (Tianjin)'s efforts can be found in the rating reports issued by Dagong Global Credit Rating and China Chengxin International Credit Rating Co., Ltd., from which CALC(Tianjin) received AA+ issuer ratings and bonds ratings.

With regards to the performance of the bonds, we took reference from Chinabond's *ESG Rating Standard* in fulfilling our corporate responsibility with measures targeting the four dimensions under the social aspect: employees, suppliers and clients, investors, and communities and social contributions.

Employees

CALC (Tianjin) believes that employees are one of its most important assets and therefore, puts a lot of focus on employee rights, benefits and welfare. In order to attract and retain talents, CALC (Tianjin) aims to build a fair, just and respectful working environment through its *Equal Opportunities and Anti-discrimination Policy*, which safeguards employees from any discrimination or harassment. In the event of such an incident, CALC (Tianjin) encourages employees to report it to their respective department heads or the human resource department. A multitude of employee benefits and welfare including group medical plans, business trip insurance, travel expense claims, training subsidies and professional certification expense claims are well stipulated in the Company's *Employee Handbook*; in aims to motivate employees and cultivate their skills and knowledge respective to their positions.

Suppliers and Clients

In response to the *Anti-Corruption Law of the People's Republic of China*, CALC (Tianjin) has incorporated relevant policies into the Company's Code of Conduct to prevent improper or unethical behaviours such as corruption, fraud, bribery, extortion, and money laundering; stop employees from accepting any benefits, gifts or special treatments offered by suppliers and clients, and vice versa.

ABOUT CALC

Case Study

Investors

Investors are just as important and are protected by CALC (Tianjin)'s *Investor Protection Mechanism*. This mechanism is applied in the event that CALC (Tianjin) breaches its commitments or if an incident affecting its solvency takes place. As such, CALC (Tianjin) is responsible for notifying the trustee and fulfilling its obligation to disclose details of the incident within a finite time period, and resume its commitments or take corresponding measures as soon as possible. Subsequently, CALC (Tianjin) will soon have to propose and implement a relief plan and periodically disclose the implementation progress of the relief plan.

Communities and Social Contributions

On May 15, 2021, China Everbright Bank Shenzhen Branch held the 2021 "Sunshine Consumer Protection, Start from Shenzhen" themed charity run. All of our CALC Tianjin Shenzhen office staff and their families actively signed up and completed the 5-kilometre run. This activity aimed at conveying to consumers the concept of "understanding finance, trusting finance, utilising finance, and benefiting from finance", so that the development of the financing industry can better meet the people's growing needs for a better life.

On November 25, 2021, CALC Tianjin donated RMB250,000 to Tianzhu Tibetan Autonomous County Chengguan Primary School in Wuwei City, Gansu Province, to support the construction of "maker" classrooms. These classrooms can help promote the three main elements of a "maker" education: "willingness to share, hands-on practice, and open up to innovation", allowing students to explore their potential through a hands-on teaching method.

Aircraft Life Cycle Management

With an increasing focus on environmental issues related to end-of-life aircraft and corresponding practices, procedures, and safety and environmental concerns, CALC is committed to providing proper aircraft disassembly, recycling, and end-of-life solutions. CALC, together with ARI, is the first of its kind in Asia, engaging in the provision of one-stop solutions for mid- to end-of-life aircraft. Our four platforms, namely "aircraft disassembly & MRO platform", "aircraft engine and component leasing platform", "global dismantling & distribution platform", and "specialised investment platform" strive to extend aircraft assets' lifecycle.

Case Study

CALC is building the world's first aviation asset data sharing platform "iCALC" based on the aviation asset digital tokens







CALC is building a safe and reliable aviation asset data sharing platform through blockchain technology, in order to realise the traceability, synchronisation and interconnection of aircraft data. We aim to tear down the data barrier within the industry and promote real-time transmission and sharing of various aviation data as well as connecting both upstream and downstream parties involved in the aviation industry: asset owners, financiers, second-hand asset acquirers, manufacturers (OEMs), maintenance service providers (MROs), regulators, etc. The platform shall support efficient exchanges among the parties as well as a smooth progression of industry digitisation, and together we will build a harmonious and prosperous aviation ecosystem to achieve mutually beneficial results.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an indispensable part of the Group's sustainable development strategy. In the past year, the Group maintained constant interaction and close communication with stakeholders through various communication channels, to gain insights into how its business affects different stakeholders. Maintaining trusted relationships with our stakeholders enables us to define and continuously evolves our current and future sustainability strategies.

The Sustainable Development Goals ("SDGs") are series of international development goals announced by the United Nations ("UN") which aimed at making improvements in social, environmental and economic aspects. The Group's vision is aligned with the SDGs. We strive to play a proactive role in implementing the SDGs in our business activities. Among the 17 SDGs set by the UN, the 6 SDGs below are those which our stakeholders value the most.

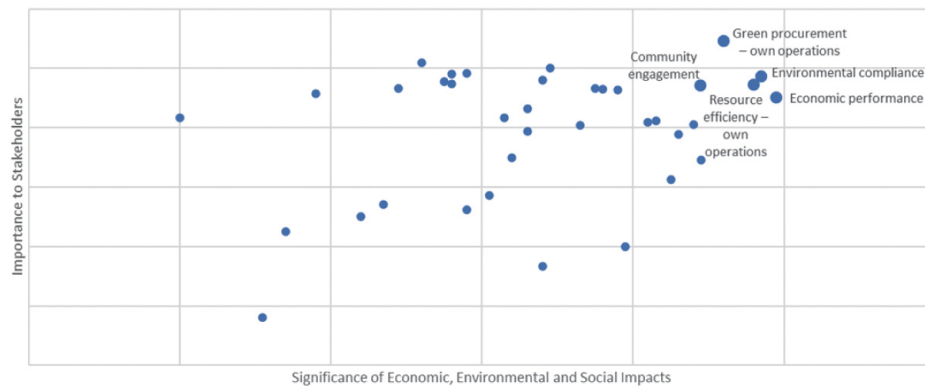
Stakeholders	Method of Engagement	Most Material SDGs
Internal: <ul style="list-style-type: none"> Board of Directors Executives Management Employees and New Recruits 	<ul style="list-style-type: none"> Meeting E-mail Announcements Briefing Interview Workshop Site Visit Seminar Exhibition Community Events Annual Report 	<div>  <p>3 GOOD HEALTH AND WELL-BEING</p> <p>Ensure healthy lives and promote well-being for all at all ages</p> </div> <div>  <p>5 GENDER EQUALITY</p> <p>Achieve gender equality and empower all women and girls</p> </div>
External: <ul style="list-style-type: none"> Shareholders Airlines Suppliers Media Investors Industry Associations Government NGOs 		<div>  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> </div> <div>  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</p> </div> <div>  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Ensure sustainable consumption and production patterns</p> </div> <div>  <p>13 CLIMATE ACTION</p> <p>Take urgent action to combat climate change and its impacts</p> </div>

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

MATERIALITY ASSESSMENT

To understand the concerns of our stakeholders, we have invited an independent consultant to conduct a stakeholder engagement workshop, allowing stakeholders to familiarise themselves with the current environmental and social issues and the challenges in the aviation industry in terms of sustainable development. This workshop helps us determine the environmental and social issues that are of most interest or concern to the stakeholders and the Company. The materiality matrix³ below shows the top five material topics.

MATERIALITY MATRIX



Order of Importance

Material Topics

1	Green procurement – own operations
2	Environmental compliance
3	Resource efficiency – own operations
4	Economic performance
5	Community engagement

³ The prioritisation of material topics is summarised based on two parameters: perceived importance to the stakeholders and the impacts significant to CALC.

CORPORATE GOVERNANCE

GOVERNANCE

The SSC, chaired by the Chief Executive Officer, is responsible for investing time and resources in the sustainability aspect of the Group's operations; as well as identifying and managing ESG-related risks and issues material to the Group; and reviewing the Group's ESG performance.

For further details of our corporate governance structure and practices, please refer to the Corporate Governance Report included in the 2021 Annual Report of the Company.

OUR COMMITMENT ON ESG TOPICS

Launched in 2015 and updated in 2017, our *ESG Policy* sets out our principles and objectives with regard to key environmental and social topics, which in turn provides guidance for the Company's daily operations.

Our Commitment to the Environment

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

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 sustainable procurement system and strengthen relevant trainings of the procurement staff.

Our Commitment to the People

- Educate the Company's employees to become environmentally responsible.
- 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.
- 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 and mobilise the Company's employees to volunteer for community activities.

CORPORATE GOVERNANCE

SUPPORT INDUSTRY-WIDE STRATEGY

As a member of the Aircraft Leasing Ireland (“**ALI**”), a group comprised of owners of more than half of the global fleet, CALC is committed to contribute to ALI’s carbon neutrality goal by 2050. ALI’s ESG narrative “Aviation Sustainability: Our Future” details the five main decarbonising strategies: aircraft design, operational improvement, sustainable aviation fuel, electric or hydrogen propulsion and aircraft recycling. Since the impact of the aviation industry on climate change may not be noticeable within three to five years, we strive to work together with our peers to promote green and sustainable aviation.

ANTI-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 People’s Republic of China* and Hong Kong’s *Prevention of Bribery Ordinance*. Our *Code of Conduct*, which includes anti-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, including suppliers and contractors.

To ensure the Company is operating ethically in our daily business activities, any suspected corruption should be reported to the appropriate regulatory authorities. Penalties for relevant director or staff member who is in breach of the *Code of Conduct* may include, but not limited to termination of appointment or employment. We have whistleblowing procedures that protect the whistleblower from any potential retaliation.

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-corruption training was conducted this year for both directors and employees. The training covered legal implications, anti-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

CALC strives not only to comply with all the laws and regulations under which we operate, but also to establish an equitable and sustainable future together with our supply chain. The Group has created a fair and transparent *Suppliers Selection and Management Procedure* for selecting and managing all suppliers to minimise risks relating to sustainability in the supply chain. In particular, the Group uses a vendor evaluation matrix to assess the proposals of various vendors, including environmental compliance and commitment to social responsibility. The Company has several professional teams to monitor, control and review the entire procurement process. We provide the initial acquisition plan, while budget and proposal are prepared internally and reviewed by senior management prior to submission for approval of the Strategy Committee under the Board of Directors. We periodically review the performance of contractors and suppliers to ensure their compliance and continuous improvements.

CORPORATE GOVERNANCE

PRODUCT RESPONSIBILITY

CALC strictly follows industry guidelines, regulatory requirements, internal procedures and takes responsibility of our products and services to improve customer health and safety, promote responsible marketing and ensure information security of our customers. We strictly comply with *The Measures for the Administration of Foreign-funded Lease Industry* and *The Contract Law of the People's Republic of China*, and are committed to offer a reliable and responsible service to our customers by thoroughly understanding the needs of customers 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

As an aircraft leasing company, CALC considers the safety of the aircraft as our top priority. The Company has a team of experienced engineers with in-depth technical knowledge and a series of procedural controls to prevent any risks related to engineering and configuration of aircraft. The team is responsible for the annual inspection for leased aircraft to monitor its sellable or leasable condition upon the expiry of aircraft lease.

CUSTOMER DATA PROTECTION

Data privacy protection and cyber security are ensured in all of our business operations. Non-disclosure of business information and non-competitive clauses are also built in our employee's employment agreement to assure information confidentiality. We have initiated a set of policies and procedures that comply 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.

SUSTAINABILITY

CLIMATE RISKS MANAGEMENT

In order to better understand the impacts of climate risks on our daily operations, initial climate reviews were conducted in 2019. We have commenced a preliminary climate risk mapping at the Group level, in which we outlined the long and short term physical and transitional risks of climate change that are relevant to our business, and the potential consequences associated with those risks. As we aimed to further understand the relevant risks and possible mitigation measures, we continued on with the exercise in 2020. The assessment results expanded the Group's insight on climate risks, therefore compelling us to adopt our own *Climate Risk Policy* in 2021, which has been reviewed and approved by the SSC to take effect from 1 January 2022, in order to guide us in managing climate risks more effectively.

Multiple resources are employed when identifying and assessing climate-related risks, including:

- Stakeholder meetings
- Sustainability reporting frameworks, such as the Task Force on Climate-related Financial Disclosures ("TCFD")
- Market screening and benchmarking

Climate-related Risks and Opportunities

Description	Relevant Entity
Consumer's behaviour	
Risk:	
<ul style="list-style-type: none"> • Consumers may reduce their air travel due to environmental concerns, resulting in a decrease of demand for aircraft 	CALC
Opportunity:	
<ul style="list-style-type: none"> • In response to environmentally conscious consumers, the Group could differentiate itself with its commitments to sustainable development 	
Market change	
Risk:	
<ul style="list-style-type: none"> • Pressure to phase out fuel-inefficient aircraft/engines 	CALC
Opportunity:	
<ul style="list-style-type: none"> • Rising demand for newer models of aircraft which are more fuel-efficient 	
Technology	
Opportunity:	
<ul style="list-style-type: none"> • Emerging market opportunities on the use of alternative energy (e.g. biofuel) aircraft/engines 	CALC
<ul style="list-style-type: none"> • Advancement of low-carbon technology would promote aviation at a community scale 	

SUSTAINABILITY

Description	Relevant Entity
Climate-related regulations	
Risk:	
<ul style="list-style-type: none"> Compliance with changing regulations may require extra operating costs Failure to comply with changing regulations may impact the Group's reputation 	CALC, ARI/UAM
Opportunity:	
<ul style="list-style-type: none"> Brand image could be enhanced when stakeholders' expectations are responded properly 	
Carbon pricing/tax	
Risk:	
<ul style="list-style-type: none"> Potential personal carbon quotas/carbon tax which would affect demand for air travel Demand for low-carbon procurement 	CALC, ARI/UAM
Extreme weather events	
Risk:	
<ul style="list-style-type: none"> Increased frequency of extreme weather events (e.g. dust and wind storms, high temperature) may impact our buildings, facilities and equipment, or disrupt our supply chain, thus increasing our operating costs. 	ARI/UAM
Long-term shifts in climate pattern	
Risk:	
<ul style="list-style-type: none"> Health and productivity might be affected due to increased temperatures (e.g. dehydration, heat stress) 	CALC, ARI/UAM

SUSTAINABILITY

GREENHOUSE GAS EMISSIONS

CALC monitors its GHG emissions in accordance with our green policies. To keep track of and manage our impacts on climate change, we regularly monitor and review our greenhouse gas emissions. During the Reporting Period, our total greenhouse gas emission was 233.65 tonnes: Hong Kong headquarters' emission intensity was 0.36 tonnes per employee; Mainland China offices' emission intensity was 1.17 tonnes per employee; and Ireland office's emission intensity was 0.07 tonnes per employee.

GHG Emissions in 2020 and 2021⁴ (tonnes CO₂ equivalent)

	Hong Kong Headquarters		Mainland China Offices		Ireland Office	
	2021	2020	2021	2020	2021	2020
Scope 1 Direct Emissions	3.93	3.14	6.67	9.66	0	0
Scope 2 Energy Indirect Emissions	43.82	65.61	51.08	44.26	4.21	30.82
Scope 3 Other Indirect Emissions	5.32	20.19	113.00	86.47	5.62	4.48
Total	53.07	88.95	170.75	140.39	9.83	35.30
Intensity (tonnes/employee)	0.76	1.20	2.71	2.23	0.76	2.35

We have a *Green Office Programme* to promote green habits and working environment. To conserve energy, our office equipment is on energy-saving mode. Our lighting is designed to be segmented. To reduce our carbon footprint, we make use of virtual meetings to reduce the number of overseas travels required.

AIRCRAFT FUEL EFFICIENCY

When upgrading our aircraft, fuel efficiency and possible future price of related externalities were considered. The new fuel-efficient new engine options (NEOs) provide substantial fuel, carbon, and cost savings in the long term. Since the delivery of our first ever A321neo in 2018, the Group continues its purchase strategy of energy efficient aircraft and phasing out of our aircraft models.

RESOURCE MANAGEMENT

Since 2018, we have implemented a *Green Office Programme* to promote waste reduction, efficient use of resources and to raise the environmental awareness on our employees. Our *Green Office Guideline*, supported by management, provides principles and handful tips for conserving energy, water, and office material, so as to encourage green operation and promote green lifestyle amongst employees.

⁴ The calculation is referenced to the *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong (2010 Edition)*. Emissions factors for electricity purchased is referenced to the information released by HEC in 2020, "2015 Average Regional Baseline Grid Emission Factor in China", 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.

SUSTAINABILITY

Energy Usage

In order to enhance the energy efficiency in our office, all electronic appliances are well maintained to keep them in good working condition. Energy saving mode is auto set by our IT department for all computers to align with our goal to continuously reduce energy use. Signages are put up across our office area to remind our employees to switch off unused equipment to avoid wasting energy.

Water Usage

We are committed to conserving water, one of the most precious and vital resources. Sensor-activated faucet and water saving bowls are installed across our offices. The Group's water consumption intensity⁵ was 0.13 m³ per employee during the Reporting Period.

In the Harbin Base, all wastewater produced by the facility is treated in an on-site sewage treatment station. A wastewater treatment station was built to meet higher environmental protection standards and goes beyond what is legally required. The effluent, which has gone through 22 treatment steps, meets the quality standard for drinking water. Water quality is checked twice a year to ensure compliance with national standard.

Material Usage

We actively explore diverse measures to control the use of material. Our integrated approach to sustainable waste management includes avoiding unnecessary consumption and purchases, opting for sustainable alternatives and reusing materials to align with our commitment to continuously minimise the amount of waste generated.

Waste reduction measures, such as using online systems to reduce printing, encouraging duplex printing, replacing disposables, reusing office equipment and furniture, and more, are also in place at our office. Recycling bins are placed next to the printers to encourage paper recycling and reuse. Over 5 kg of paper was recycled in 2021. Moreover, most of our paper consumption comes from financial printing, which uses certified paper that is responsibly sourced.

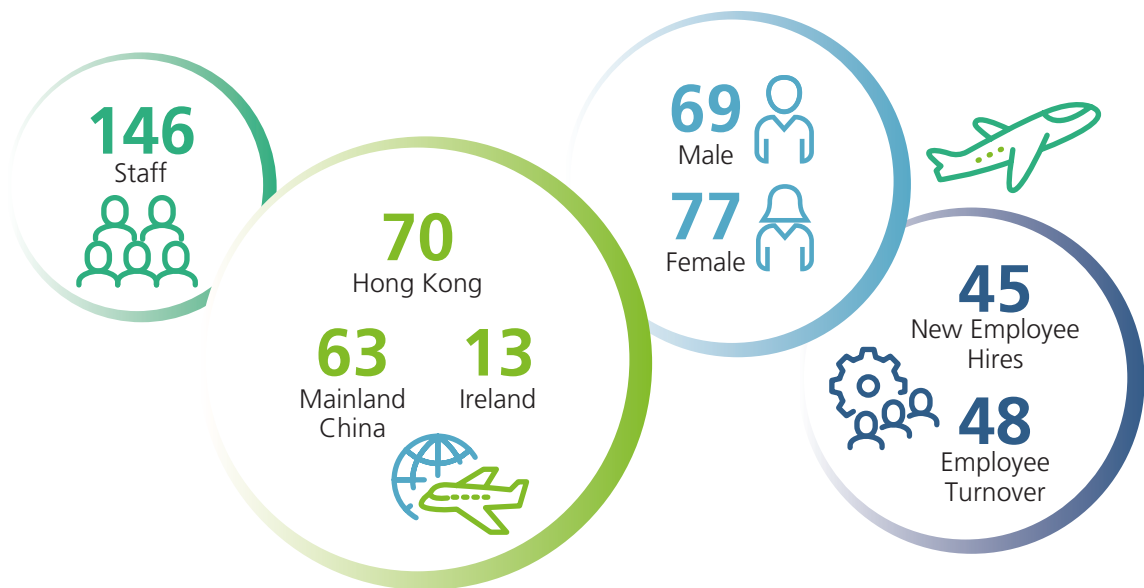
⁵ Considers bottled water consumption only.

WORKFORCE AND LABOUR PRACTICES

Our employees have been the core of our business. Their support has helped solidify the foundation of our business. To build a motivated and dedicated workforce, we emphasise on training and career development, competitive remuneration and benefits, occupational health and safety as well as a healthy work-life balance. Our *Employee Handbook* provides all essential information and requirements for our employees to reference and abide by.

A FAIR AND INCLUSIVE WORKING ENVIRONMENT

Gender equality and the progression of career development opportunities for women are essential. As at the end of the Reporting Period, there were 145 permanent full-time staff and 1 permanent part-time staff in our Hong Kong headquarters, Mainland China offices, and Ireland office. The male to female ratio was 1: 1.12.



We aim at providing equal opportunities and building a fair and harmonious work environment. The Company adheres to eliminating 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 will raise concerns directly and immediately to their Department Head or Human Resources Department.

During the Reporting Period, we fully complied with the applicable labour standards in Hong Kong, Mainland China and Ireland.

WORKFORCE AND LABOUR PRACTICES

DEVELOPMENT AND TRAINING

The Company is committed to support employees to fully develop their potentials through regular and comprehensive training as it is important to our sustainable development. We have developed a comprehensive *Training and Development Policy* which defines the training categories and provides a framework on the training application and reimbursement procedures as well as training evaluation process. The appraisals will be carried out during the relevant appraisal period by the Department Head and Management to evaluate employees' abilities and performance. The outcome of the appraisal can be used to enhance the necessary skills, knowledge and qualification to support our business needs.

We offer our employees internal and external training subsidy programmes and professional examinations to ensure they are well equipped with skills and knowledge to advance the Group's development.

EMPLOYEE WELFARE

The Company places a strong emphasis on improving welfare and safeguarding measures for our employees to build a sustainable and stable team. Our employees are covered by a range of benefits in annual leave, bonus leave, marriage leave, and maternity/paternity leave. All employees are insured against any work injuries arising out of and in the course of their employment. Upon completion of probation, employees can be admitted to the Company's group medical scheme which covers out-patient visits and hospitalisation.

The Company organises various outings and charity activities in order to let employees enjoy life apart from work. We also offer trip reimbursement every year for qualified employees. Employees who are on business trips will be covered by travel insurance.

HEALTH AND SAFETY

A safety working environment is crucial for our employees for the group. Our *Staff Handbook* includes a set of office safety management requirements, 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. There were no cases of non-compliance with laws and regulations related to health and safety during the Reporting Period.

At our Harbin Base, a fire emergency plan has been established to ensure to provide a safe environment of the facility and nearby communities. Fire extinguishers and other fire equipment are checked by the team twice a month. On top of that, we will invite professional fire safety authority to conduct a more comprehensive audit annually. Fire drill and fire safety trainings are held twice a year. At our Mississippi Base, *Health and Safety Guidelines*, *Confined Space Manual*, *Emergency Action Plan*, and *Spill Prevention Control Plan*, have been put in place and will be reviewed regularly.

In view of the COVID-19 pandemic, we have adopted new measures to ensure the health and safety of our employees. Regular disinfection in public areas and daily body temperature measurements are crucial to maintaining a safe working environment. We have also distributed facemasks to employees and required everyone to wear facemasks in the office; company-paid COVID-19 testing services have also been provided. Staff activities and trainings have been reduced to avoid group gathering, while flexible working hours and work from home arrangements have been implemented to further enhance social distancing.

GIVING BACK

Our *Environmental, Social, and Governance Policy* (“**ESG Policy**”) defines our long-term approach to corporate social responsibilities. We are committed to supporting the local community, and we encourage our staff to participate in our giving-back efforts to society. In response to the normalisation of the COVID-19 pandemic, we have also continued to make various donations and participate in community activities to give back to the community and raise participants’ awareness of social and environmental issues.

FIGHTING AGAINST COVID-19

After participating in the “Huolei Initiative” organised by a fellow subsidiary of China Everbright Group in 2020, CALC continued to actively prepare for activities to fight against COVID-19 during the Reporting Period in response to the repeated outbreaks caused by OMICRON variant. CALC formed a volunteer team, and once again joined hands with China Everbright Group to carry forward the spirit of “Fighting the Pandemic with One Heart, Caring for the Elderly” together with China Everbright Limited, and managed to donate 20,000 masks and 3,000 sets of rapid testing to five care homes for the elderly, including Tung Fong, Hong Yee, Hang Fook, Tin Ching, and Western District Asia, in early 2022 when the fifth wave of COVID-19 outbreak in Hong Kong seriously threatened the health and safety of Hong Kong’s 7.5 million population. CALC firmly supports and stands together with the Hong Kong community. While implementing various prevention measures to protect the physical and mental health of its employees, it fully supports Hong Kong to win the battle against the pandemic.



DONATION ACTIVITIES

Direct procurement and assisted sales of specialty agricultural products in impoverished counties of Hubei Province

CALC continued to support China Everbright Group’s poverty alleviation project. Through direct procurement and assisting sales of agricultural specialties from impoverished counties in Hubei Province from 2021 up to date, total amount exceeding RMB30,000, we responded to the spirit promoted by China Everbright Group of building a responsible ecosystem and enhancing our influence as a socially responsible brand.

Mother’s Choice (disadvantaged women and children)

CALC donated US\$2,000 to Mother’s Choice, a charitable organization which offers assistance to disadvantaged women and children. Mother’s Choice is a member of the Community Chest of Hong Kong and the Hong Kong Council of Social Services.

COMMUNITY ENGAGEMENT

CALC is always dedicated to shouldering our corporate social responsibilities in communities where it serves. In 2021, we partnered with Orbis, WGO and WWF-Hong Kong and raised HK\$89,800 in their corporate responsibility programmes.

GIVING BACK

Environmental Conservation: WWF Hong Kong Hoi Ha Wan Eco Visit

In May 2021, a group of Hong Kong-based staff and their family members joined “Coral Community Research” Eco Visit at Hoi Ha Wan in Sai Kung organised by WWF-Hong Kong.



Mil Mill recycling workshop in promotion of waste reduction and green living

In August 2021, a group of Hong Kong-based staff spent a day with WGO on an educational tour to Mil Mill Plant, Hong Kong's first pulp mill that undertakes beverage carton recycling. The visit, our colleagues learned about the recycling process and the environmental and economic benefits of wastepaper recycling. In particular, the process of converting beverage cartons originally dumped to landfills into useful end-products was demonstrated, so as to arouse conservation awareness.



Organic farming experience to uphold environmental sustainability

In October 2021, a group of Hong Kong-based staff got away from the city to visit HKFYG Organic Farm in Pat Heung, Yuen Long, organised by WGO. Led by the tour guide, our colleagues gained practical hands-on experience on organic farming, followed by farming trial including ploughing the field, loosening the soil and removing the weed.





AWARDS, ACCOLADES AND MEMBERSHIP

AWARDS AND ACCOLADES

CALC received the “Social Innovation Contribution Award” in 2021 Yicai Corporate Social Responsibility Ranking in China, based on us being the first aircraft full value chain solution provider in China with such a unique business model and concept. CALC has successfully explored the innovative aviation financing model on top of the traditional aircraft leasing business, making it one of the few companies in the world to not only have a considerable number of the popular, new-generation fuel-efficient aircraft in its order book, but also has the ability to recycle parts and components of retired and disassembled aircraft. It has created a huge market space for the emerging industry of aviation finance.



	Awards and Accolades	Issuing Authority
	“Caring Company”(since 2015)	The Hong Kong Council of Social Service
	United Nations Sustainable Development Goals – Green Office Awards Labelling Scheme (GOALS)” (since 2015)	World Green Organisation
	“Eco-Healthy Workplace Label” (since 2017)	
	“Silver Member” in Corporate Membership Program (since 2016)	World Wide Fund for Nature Hong Kong
	“Corporate Partner” (since 2018)	Orbis

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 (the “**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 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.

Aircraft Leasing Ireland (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.

PERFORMANCE DATA

ENVIRONMENTAL PERFORMANCE

	Hong Kong Headquarters		Mainland China Offices		Ireland Office	
	2021	2020	2021	2020	2021	2020
Greenhouse Gas (GHG) Emissions						
Scope 1 (tonnes CO ₂ equivalent)	3.93	3.14	6.67	9.66	0	0
Scope 2 (tonnes CO ₂ equivalent)	43.82	65.61	51.08	44.26	4.21	30.82
Scope 3 (tonnes CO ₂ equivalent)	5.32	20.19	113.00	86.47	5.62	4.48
GHG Emissions Intensity (tonnes CO ₂ equivalent/employee)	0.36	1.20	1.17	2.23	0.07	2.35
Energy and Water Consumption						
Direct Electricity Consumption (MWh)	61.72	81.01	87.47	72.55	14.22	94.97
Direct Electricity Consumption Intensity (MWh/employee)	0.42	1.09	0.60	1.15	0.10	6.33
Water Consumption ⁶ (m ³)	1.23	9.49	17.33	11.18	0	0.23
Water Consumption Intensity (m ³ /employee)	0.01	0.13	0.12	0.18	0	0.02
Direct Fuel Consumption – Petrol (L)	1,474.00	1,161.00	2,500.00	3,567.00	0	0
Direct Fuel Consumption Intensity (L/employee)	10.09	15.69	17.12	56.62	0	0
Materials Consumption and Recycling						
Paper Used (kg)	1,108.00	1,501.00	3,866.00	1,773.00	8.00	43.00
Paper Recycled (kg)	0	226.00	0	0	5	11.00
Glass Bottles Recycled (kg)	0	0	0	0	0	11.00
Waste Disposal						
Non-hazardous ⁷ (tonnes)	2.00	2.39	1.00	2.07	0	0.004
Non-hazardous Waste Intensity (tonnes/employee)	0.014	0.03	0.004	0.03	0	0.00027
Hazardous Waste – Fluorescent Lamps (tonnes) ⁸	0	0	0	0	0	0

⁶ Includes bottled water consumption only.

⁷ Waste disposal is managed by the building management and collected by designated waste collectors.

⁸ Recorded for the first time in this reporting period, thus there is no previous data.

PERFORMANCE DATA

SOCIAL PERFORMANCE

	Hong Kong Headquarters	Mainland China Offices	Ireland Office
Employment			
Total Employment	70	63	13
Male	33	27	9
Female	37	36	4
Full-time	69	63	13
Part-time	1	0	0
Under 30	8	15	1
Between 31 and 40	33	38	3
Between 41 and 50	21	10	6
Above 50	8	0	3
Chief Level Executives	5	0	0
Senior Management	6	5	4
Middle Management	22	11	3
General Staff	37	47	6
Employee Turnover Rate			
Turnover Rate	40%	22%	46%
Male		30%	
Female		35%	
Under 30		40%	
Between 31 and 40		41%	
Between 41 and 50		16%	
Above 50		9%	
Percentage of Employees Trained			
Male	100%	100%	100%
Female	100%	100%	100%
Chief Level Executives	100%	N/A	N/A
Senior Management	100%	100%	100%
Middle Management	100%	100%	100%
General Staff	100%	100%	100%
Average Training Hours			
Male	7.50	14.92	8.08
Female	7.07	18.50	4.33
Chief Level Executives	7.00	N/A	N/A
Senior Management	6.50	18.40	9.75
Middle Management	8.14	19.58	7.20
General Staff	7.06	16.09	5.83
Health and Safety			
Number of work-related fatalities ⁹	0	0	0
Lost day due to work injury	0	0	0

⁹ Number of work-related fatalities in 2019 and 2020 were both 0.

PERFORMANCE DATA

Economic Performance	Amount (HK\$ million)
Direct Economic Value Generated	
Total revenue	3,278.1
Profit attributable to shareholders of the Company	525.8
Economic Value Distributed	
Finance costs	1,211.3
Other costs ¹⁰	282.0
Dividends (2021 paid interim dividend and 2021 proposed final dividend)	303.4
Taxes	204.9
Economic Value Retained	
Distributable reserve of the Company	6,017.3

¹⁰ Represents other costs including charitable donations but excludes depreciation and amortisation for the year.

ESG REPORTING GUIDE CONTENT INDEX

Topics, General Disclosures and KPIs	Description	Relevant Chapter(s) or other references/Explanation
A. Environmental		
A1. Emissions		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. 	<p>Since the Group's business does not involve aviation operations, no significant air and greenhouse gas emissions, discharges into water and land, and generation of hazardous waste are involved. Therefore, we have no policies in the respective aspects.</p> <p>There are no laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>
A1.1	The types of emissions and respective emissions data.	<p>Emissions caused by fuel combustion of the Group's vehicle¹¹:</p> <p>SO_x: 58.41g NO_x: 2,120.15g PM: 156.10g</p>
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<p>SUSTAINABILITY</p> <p>PERFORMANCE DATA</p>
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	PERFORMANCE DATA
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	PERFORMANCE DATA
A1.5	Description of emissions target(s) set and steps taken to achieve them.	There are no significant emissions generated from our daily office operations, but we aim to reduce our emissions continuously as our forward-looking target.

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

ESG REPORTING GUIDE CONTENT INDEX

Topics, General Disclosures and KPIs	Description	Relevant Chapter(s) or other references/Explanation
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	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 production volume, per facility).	PERFORMANCE DATA
A2.2	Water consumption in total and intensity (e.g. per unit of 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 that is 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.

ESG REPORTING GUIDE CONTENT INDEX

Topics, General Disclosures and KPIs	Description	Relevant Chapter(s) or other references/Explanation
A3. The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	SUSTAINABILITY
A3.1	Description of the significant impacts of activities on the 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.	We have adopted our <i>Climate Risk Policy</i> which has been reviewed and approved by the SSC to take 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
B. Social		
B1. Employment		
General Disclosure	Information on:	WORKFORCE AND LABOUR PRACTICES
	(a) the policies; and	There are no laws and regulations that have a significant impact on the Group
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	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 work force by gender, employment type, 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

ESG REPORTING GUIDE CONTENT INDEX

Topics,
General
Disclosures
and KPIs

Description

Relevant Chapter(s) or
other references/Explanation**B2. Health and Safety**

General Disclosure	Information on:	WORKFORCE AND LABOUR PRACTICES
	(a) the policies; and	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.
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	
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, how they are implemented and monitored.	WORKFORCE AND LABOUR PRACTICES

B3. Development and Training

General Disclosure	Policies on improving employees' 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

ESG REPORTING GUIDE CONTENT INDEX

Topics, General Disclosures and KPIs	Description	Relevant Chapter(s) or other references/Explanation
B4. Labour Standards		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. 	<p>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 <i>ESG Policy</i> states our commitments on complying with applicable legal requirements regarding labour protection, which includes the prevention of child and forced labour.</p> <p>There are no laws and regulations that have a significant impact on the Group relating to preventing child and forced labour.</p>
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 <i>Employment Ordinance of Hong Kong</i> , <i>Labour Law of the PRC</i> , 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.

ESG REPORTING GUIDE CONTENT INDEX

**Topics,
General
Disclosures
and KPIs****Description****Relevant Chapter(s) or
other references/Explanation****B5. Supply Chain Management**

General Disclosure	Policies on managing environmental and social risks of the supply chain.	CORPORATE GOVERNANCE
B5.1	Number of suppliers by geographical region.	Hong Kong: 0 China: 47 Ireland: 0
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, 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
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

ESG REPORTING GUIDE CONTENT INDEX

Topics, General Disclosures and KPIs	Description	Relevant Chapter(s) or other references/Explanation
B6. Product Responsibility		
General Disclosure	Information on:	CORPORATE GOVERNANCE
	(a) the policies; and	The Group has not identified material concerns in its operations regarding advertising, labelling and privacy matters in our operation, 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 Corporate Communications Department to ensure accuracy.
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	There are no laws and regulations that have a significant impact on the Group regarding health and safety, advertising, labelling and privacy matters relating to the products and services provided by the Group.
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	No cases during the Reporting Period.
B6.2	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 action if scamming or infringing articles or materials in relation to the Group are discovered.
B6.4	Description of quality assurance process and recall procedures.	CORPORATE GOVERNANCE
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	CORPORATE GOVERNANCE

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Topics,
General
Disclosures
and KPIs

Description

Relevant Chapter(s) or
other references/Explanation**B7. Anti-corruption**

General Disclosure	Information on:	CORPORATE GOVERNANCE
	(a) the policies; and	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 <i>Code of Conduct</i> , which includes anti-corruption policy, we articulate the standard of behaviour that we expect our employees to live up to. Beyond the <i>Code of Conduct</i> , we provide training to help directors and employees understand the meaning of the <i>Code of Conduct</i> and their expected actions.
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	The <i>Anti-corruption Law of the PRC</i> and Hong Kong's <i>Prevention of Bribery Ordinance</i> aim at maintaining a fair and just society and inflicting punishments against unscrupulous and corruption behaviours.
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, how they are implemented and monitored.	CORPORATE GOVERNANCE
B7.3	Description of anti-corruption training provided to directors and staff.	CORPORATE GOVERNANCE

ESG REPORTING GUIDE CONTENT INDEX

Topics, General Disclosures and KPIs	Description	Relevant Chapter(s) or other references/Explanation
B8. Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	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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