



ABOVE AND BEYOND

◉ ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2015 ◉

CALC

China Aircraft Leasing Group Holdings Limited

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

Stock code : 01848

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



ABOVE AND BEYOND

China Aircraft Leasing Group Holdings Limited (“CALC”) is one of the forerunners in China’s aircraft leasing industry, with a distinctive and profitable business model.

Promoting sustainability through robust corporate governance, environmental protection, community investment and workplace practice is one of CALC’s key strategic objectives. This is to demonstrate our commitment to transparency and accountability to our stakeholders.

This is our second environmental, social and governance (“ESG”) report which covers the significant efforts that CALC has put into aircraft safety, environmental protection and investing in its people and communities relating to its Hong Kong operations. In this report, we provide an outline of CALC’s sustainability performance in year 2015 and set out our targets and action plan for the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the year, the Group successfully bid for a plot of land of an approximately 300,000 square meter, in the south of Harbin Taiping International Airport, located within the Harbin Airport Economic Zone. The Group will commence the construction of a new aircraft disassembly centre (the "Aircraft Disassembly Centre") in Harbin Airport Economic Zone. Upon completion, the Aircraft Disassembly Centre will meet the unfulfilled need in the industry, and further consolidate our position as a full value-chain aircraft solutions provider.

We are honoured as the first aircraft leasing company in China to have been awarded the "Aircraft Lessor of the Year" by the Global Transport Finance ("GTF") in 2015 in recognition of our expertise in delivering outstanding services and providing effective financing solutions to a diverse range of customers. The GTF awards recognize and reward outstanding commitment and support the global transport finance industry by industry participants and professional parties in the aviation, airports, railways, shipping, seaports and logistics sectors. CALC has realised our globalisation strategy in 2015, and was able to tailor fleet management and aviation finance solutions for our customers in the mainland China and overseas markets, with an aim to enhancing airlines' operating flexibility and capital management efficiency of their development.

We would like to take this opportunity to thank our people for their contribution and support to our business objectives and various charitable activities during the year. Through enhancing our governance and inspiring our people on sustainable development, we are confident that we can focus our efforts on the areas of concern of our stakeholders and create a long-lasting and strong impact on our society.



▲ CALC is the first aircraft leasing company in China to have been awarded the "Aircraft Lessor of the Year" in 2015, by the Global Transport Finance.

OUR STAKEHOLDERS

Our stakeholders stand with us on the roadmap of sustainability. They are those who are interested in or affected by our activities and the way we conduct our businesses. We engage our stakeholders through various channels, including, but not limited to, regular communications, face-to-face meetings, seminars and training sessions.

Stakeholder group	Engagement Channel	Our Focus
Shareholders/Investors	<ul style="list-style-type: none"> • Annual General Meeting and notices • Annual reports, financial statements and announcements • Direct communications • Corporate website • Investor briefings • Plant visit 	<ul style="list-style-type: none"> • Financial performance • Business sustainability • Recognition of investment community • Corporate transparency
Airlines	<ul style="list-style-type: none"> • Corporate website • Communication through Fleet Consultation Team • Feedback and requirement collection system 	<ul style="list-style-type: none"> • Value-added aircraft solutions • Fleet management consultation • Manage full life-cycle of the aircraft • Aircraft safety • Industry trends analysis
Employees and professional team	<ul style="list-style-type: none"> • Training sessions • Work-life-balance activities • Volunteer and charitable initiatives • Periodic performance appraisal • Meetings and close communications 	<ul style="list-style-type: none"> • Maintain a sustainable aircraft lease return in long term • Aircraft marketing and re-marketing • Integrity and business conduct • Sustainable development strategy
Government	<ul style="list-style-type: none"> • Direct communication • Ongoing dialogue • Feedback through face-to-face meetings 	<ul style="list-style-type: none"> • Policy implementation • Business strategy and performance • Local regulations and actual practices • Business ethics • Responsible corporate citizen
Industry associations	<ul style="list-style-type: none"> • Seminars and workshops • Annual meeting participation • Industry forum and summit 	<ul style="list-style-type: none"> • Technical competence and experience • Local regulations and best practices • Business sustainability
Media	<ul style="list-style-type: none"> • Interviews • Media briefings • Corporate website • Press conference 	<ul style="list-style-type: none"> • Corporate reputation • Branding activities • Sustainable development with contribution to the society
Suppliers	<ul style="list-style-type: none"> • Site visits and reviews • Close communications 	<ul style="list-style-type: none"> • Corporate reputation • Environmental responsibility • Industry experience and expertise

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We will continue to engage each stakeholder and build stronger relationships so that we can stay focused on their priorities. In 2015, a Sustainability Steering Committee (“SS Committee”) with different focus groups for engaging our investors, employees, suppliers, contractors and customers, has already been set-up to oversee the Company’s ESG issues in accordance with the terms of reference adopted on 26 March 2015. The current members of the SS Committee consist of Mr. CHEN Shuang (Chairman, Chief Executive Officer and Executive Director), Ms. LIU Wanting, Winnie (Deputy Chief Executive Officer, Chief Commercial Officer and Executive Director) and Mr. MOK Chung Tat, Barry (Deputy Chief Executive Officer and Chief Financial Officer).

Environmental, Social and Governance Execution



MATERIALITY MATRIX

The issues that matter most to our business and our stakeholders are identified and presented in the materiality matrix. Among these, we rate aircraft safety, environmental, social and economic issues as being of top concern to our external stakeholders, weighted against the risks and opportunities to us.

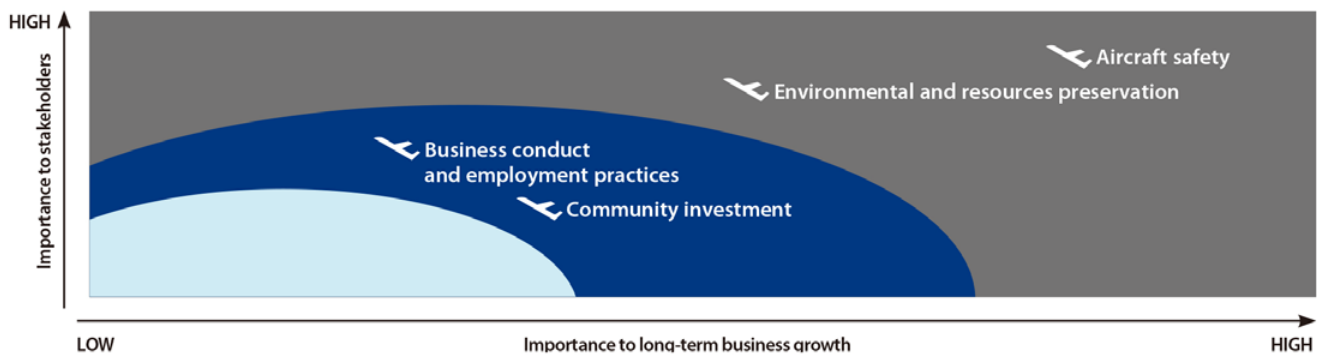
We are conducting a thorough materiality analysis to help us identify additional outstanding issues our stakeholders want to learn from our ESG reporting and also help us identify our focus and resource allocation.

The issues which are viewed as material will be given significant consideration and management effort in the coming years and we will for certain move forward on the roadmap to sustainability through alignment of our business objectives and vision.

The following issues are rated as material to our stakeholders:

Rank Issue

- 1 Aircraft safety and ensuring that government regulations and aviation industry practices are strictly followed and complied with
- 2 Environmental and resources preservation
- 3 Business conduct and employment practices
- 4 Community investment



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Reporting Period

This report covers the financial year from 1 January 2015 to 31 December 2015.

Reporting Scope

This is the second year of preparing this ESG report and confined to the Hong Kong operation.

Stock Exchange ESG Reporting Guide

The ESG reporting guide (the "ESG Guide"), with an aim to increasing transparency in the listed companies' ESG performance, is set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). CALC follows the ESG Guide on a voluntary basis and demonstrates its commitment to meeting stakeholders' expectations.

Reliability and Completeness

The content of this report is based on the material aspects of our Group and our stakeholders, and is directly linked to our Group's business objectives and strategies.

We have outlined four focus areas for 2015 and the coming three years' commitments, including:

- ✓ Aircraft safety
- ✓ Green aviation economy and aircraft end-of-life management
- ✓ Values and behaviour of our people
- ✓ Investing in our communities

We have gathered all relevant data and information from the financial and operational teams and have presented them in this report to the best of our knowledge, in good faith and due care. We will design and implement a more effective reporting system in 2016 so as to enrich the relevant information in this report. We rely on internal processes together with external experts to verify the accuracy of the sustainability-related data.

ESG Approach and Strategy

We are committed to integrating sustainability in leasing activities and assesses business for ESG considerations. As one of the pioneers in aircraft leasing industry, understanding ESG issues presents a major opportunity to reduce our business risks. Our focus on ESG issues supports our core business strategy and ensures we live up to our mission and vision and demonstrating our responsibility in our decision-making and interactions with our stakeholders.

AIRCRAFT SAFETY

Aircraft safety is ranked as the most important item in the materiality matrix. In terms of sustainability, aircraft safety and airline reputation are inter-related.

Pre-sale Focus	After-sale Focus
<ul style="list-style-type: none">• Product selection: To provide choices and advice to customers according to their requirements. All of those suggestions should meet the aviation performance and operating standards.• Product acceptance: To ensure that the requirements are fulfilled by the suppliers.	<ul style="list-style-type: none">• Ongoing dialogue: To maintain close communications with the airlines.• Co-ordination: To co-ordinate the suppliers and customers for aircraft enhancement.• Safety check: To conduct reviews of the aircraft condition on a regular basis.

GREEN AVIATION ECONOMY AND AIRCRAFT
END-OF-LIFE MANAGEMENT

As mentioned in our last ESG report, the Group believes in the Green Economy concept, where protecting the environment is as important as developing its businesses. In June 2015, we has planned to fit 18 of our A320neo aircraft with PurePower® engines by a US company, Pratt & Whitney. The A320neo aircraft powered by PurePower® engines would be a great asset to add to our fleet, as it could offer a broad range of benefits, including fuel burn improvement, lower emissions and less noise while reducing operating cost. The Group’s fleet is currently on schedule to expand to 172 aircraft by 2022.

Full Value-Chain

The Group’s long-term commitment to the aviation industry and continued efforts to introduce value-added offerings to our airline customers continue to distinguish ourselves in the sector. In terms of the total number of aircraft in service and new aircraft in the order-book, CALC is the largest independent aircraft operating lessor in China. As the first listed aircraft lessor in Asia, the Group is dedicated to become a full value-chain aircraft solutions provider in operating aircraft leasing, disassembly, sale-and-leaseback, replacement, structured finance and asset management.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In the 16th Annual Asia Pacific Airfinance Conference held between 4 and 5 November 2015 in Hong Kong, Mr. Jens DUNKER, our Senior Vice President of Aircraft Trading and Global Marketing, presented his keynote about the future of leasing industry in Asia Pacific. Ms. Winnie LIU gave her speech on "Moving to Offshore Leasing — Internationalisation of Chinese Leasing Companies", and Mr. Christian MCCORMICK, our Managing Director — Finance, acted as the Chairman and Moderator in the Conference on 5 November 2015. Mr. Christian MCCORMICK also represented CALC to give the keynote speech at the Airline Economics Growth Frontier Asia-Pacific 2015 on 3 November 2015, while Mr. Jens DUNKER acted as a speaker at the Lessor's Panel held the next day.

Leveraging on statistics and other relevant information, our speakers have drawn particular attention of the conference attendees to:

- (i) strong aircraft demand;
- (ii) large order backlogs;
- (iii) growing percentage of global aircraft fleet under operating leases (to help reducing capital commitments and risks of airline operators);
- (iv) developing Hong Kong as an aviation leasing hub; and
- (v) the estimation of over 500 aged aircraft exiting the active aircraft fleet in the next decade.



▲ On 4 November 2015, Mr. Jens DUNKER, presented his keynote about the future of leasing industry in Asia Pacific at the 16th Annual Asia Pacific Airfinance Conference held in Hong Kong.



▲ On 4 November 2015, Ms. Winnie LIU, as a speaker, gave her speech on "Moving to Offshore Leasing — Internationalisation of Chinese Leasing Companies" at the 16th Annual Asia Pacific Airfinance Conference.



▲ Mr. Christian MCCORMICK, gave his keynote address of "Lessor Risk versus Airline Risk & Why Lessors have more options" at the Airline Economics Conference held on 3 November 2015.

To augment business opportunity to the Aircraft Disassembly Centre, metallic components from aircraft undergoing disassembling processes are intended to be recycled or re-used in the aviation industry (if they are of airworthiness quality) or other industries. This line of business will be the first of its kind in the industry in China.

The service scope of the Aircraft Disassembly Centre is intended to cover five areas:

- (i) aircraft dismantling services;
- (ii) disassembled parts sales;
- (iii) aircraft frame customisation;
- (iv) accident aircraft emergency management; and
- (v) aero metals and non-metal recycling.

Recognitions of the Contributions by the Group to the Aviation Industry

At the 4th China Air Finance Development Summit ("Summit") held in Tianjin between 23 and 25 September 2015, the Group reviewed with industry leaders the support from Dongjiang Management Committee regarding the innovative systems and policies of Dongjiang Free-Trade Port ("DFTP"), shared CALC's mission of "Creating value for China's Aviation Development", and revealed the Group's strategies to contribute to China's aviation finance development through DFTP.

At the Summit held in Tianjin, China Asset Leasing Company Limited ("CALC (TJ)"), CALC's wholly-owned subsidiary, founded in DFTP in December 2010, is the first wholly foreign-owned enterprise in Dongjiang, Tianjin, executed a facilities framework agreement with the Export-Import Bank of China, and a strategic cooperation agreement with Bank of China (Tianjin Branch), witnessed by aviation finance professionals.

Under these agreements, huge backup capitals are offered to the Group to signify the banks' confidence in our business development in both the mainland China and overseas aircraft leasing markets. This gives great assistance to us in honouring our commitment to support the transportation asset planning, to align with government's development strategies, and to further support China to become a growth driver of the regional and world economies.



▲ On 24 September 2015, Ms. Winnie LIU shared the mission and strategies of CALC at the Summit held in Tianjin regarding "Capturing Opportunities — Creating values for China's Aviation Development".



▲ Signing of Facilities Framework Agreement with the Export-Import Bank of China on 24 September 2015.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



▲ CALC(TJ)'s issuance of medium-term notes was granted "Innovation Award — First Leasing Medium-Term Notes" at China Air Finance Awards. The Group's innovative DNA and quality financial products, as well as its influence for the industry development are once again recognised.

On 20 July 2015, CALC (TJ) issued its 5-year medium-term notes of RMB340 million being rated 'AA' by China Cheng Xin International Credit Rating Co., Ltd. and becomes the first aircraft Leasing Company in China and the first enterprise in the Tianjin Free Trade Zone to issue medium-term notes.

CALC (TJ)'s issuance of these notes was bestowed "Innovation Award — First Leasing Medium Term Notes" at the 3rd China Air Finance Wan Hou Awards Presentation Ceremony held on

24 September 2015. This is a testament of the Group's innovative traits, highly rated financial products, as well as its influence in the industry.

CALC (TJ) is one of the nine pilot enterprises for the Centralised Operation of Forex Capital of Multinational Companies Programme in Tianjin, and the first and unique aircraft leasing company in China which is permitted to form a cross-border foreign currency fund pool. The Group has delivered 42 aircraft through the Dongjiang platform as at 31 December 2015.

Our Group has received the "Aircraft Lessor of the Year" award, at the GTF 2015 Annual Gala Awards Ceremony held in London on 8 December 2015, in recognition of our expertise by industry participants and professional parties in the aviation, airports, railways, shipping, seaports and logistics sectors in delivering outstanding services and providing effective financing solutions to a diverse range of customers. With this recognition and encouragement, we will continue to utilize our expertise as a full-value chain aircraft solutions provider to create innovative, value-added fleet management solutions for airlines worldwide, and to actively participate in the future development of the global aviation finance sector.

As at 31 December 2015, CALC has an Airbus order-book of 107 aircraft and has delivered 63 aircraft to our airline customers in Asia and Europe with efficient delivery and placement capabilities in the global market.



Aircraft Lessor of the Year 2015

VALUES AND BEHAVIOUR OF OUR PEOPLE

Employees are the greatest assets of CALC and are the key driver of our sustainability and long-term growth. To achieve this, we create opportunities to attract, develop, retain and reward our workforce by offering them commensurate remuneration, personal growth and career development training, and fringe benefits, such as medical and Mandatory Provident Fund Scheme, pension, travel insurance, bonus leave vacation and other employment benefits as detailed below.

Integrity

We are committed to conducting business with integrity and respect for the law and our values. Employees are required to adhere to our internal rules and regulations at work and conduct our day-to-day business to ensure that our growth is sustainable. This requires all of us to act with integrity and respect for our long-standing values of trust, equality and fairness.

‘Speak up’ policy

Although we stand firm on our belief and values, demand our employees to follow them strictly and adhere to our rules and regulations, there might be instances of misconduct that our stakeholders might suspect or observe. In such cases, we want them to speak up and let us know, so that we can bring the matter to the attention of our Audit Committee members without fear of unnecessary non-work-related interference. This allows us to address the issue in a timely manner and take appropriate action accordingly.

Our stakeholders can simply fill up the “Feedback and Complaints” form on our website and the message will be delivered to the specified recipient and have our Risk Management Team copied on it. More training and awareness programmes will be conducted from time to time for our employees at different locations so as to ensure that every employee understands clearly our requirements, values and the expected standard of behaviour they need to maintain in their work and business activities.

Healthcare and well-being

In 2015, we have continued promoting the “Eat and Drink Healthily” concept to our staff. Lemon water and fruit are available for staff every day. Provision of Lemon water and fruit may help staff reducing risk of many diseases.

Since 1 November 2015, new employee medical plans will include many areas not previously covered, such as body check, life insurance, physiotherapy, chiropractic and gynecology services. Before termination of services with the Group, retiring employees and those employees who have participated the old medical plan for more than 6 months can opt at their own expense to extend and join the aforesaid medical coverage with the former insurance company.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



In 2015, we have provided staff over 80 man-hours in general training, business/technical skills training and team-building training. We are committed to organising similar team-building activities periodically in future years.

Diversity and Equal Opportunity

It is important to promote equal opportunities in workplace so as to establish an environment for our people to maximize their potential, regardless of gender, pregnancy status, marital status and race. We do not recruit child labour and prevent forced labour.

We are committed to implementing work-life-balance practices as this is critical for sustaining employee performance over time.

In order to encourage employees' awareness about health, each employee of the Hong Kong office and six offices in mainland China was issued a "smart health bracelet" at the end of November 2015. The bracelet has many functions, especially in helping employees record their exercise consumption, sleep quality and other health parameters. With the bracelet and the information it provides, each employee can make better plans to rest and exercise.

CALC cultivates the 'big family' atmosphere for all its employees.

Developing our people and team building

We emphasise teamwork within and across organisational units and provide training and development opportunities to ensure that our people have the right skills and knowledge to get the job done and are relieved from stress. The core strength of CALC comes from this cohesion. The group focuses on the perfection of training programmes and creating space for staff development, to help every employee reflects his or her self-value.

Supply Chain Management

CALC believes that building sustainable supply chains can create value for our employees, aircraft suppliers and service providers, communities and our customers. We emphasize on facilitating the interaction and communication with its aircraft manufacturers, and relevant aircraft service providers. In order to establish an efficient and green supply chain with its aircraft suppliers and service providers, we aim at maintaining long-term strategic and co-operative relationships with those counterparties with good credit history, solid reputation, high product or service quality, proven track records of environmental compliance and sound commitment to social responsibility. CALC conducts periodic reviews on the performance of its suppliers with an objective of a better control over and an assurance of its financial products and service quality.

Customer Data Protection and Privacy Policies

We adhere to applicable laws and regulations in protection of customer data when conducting our leasing business activities. We are conscientious about secure communication and data protection.

Anti-corruption

CALC maintains and effectively implements a comprehensive system of internal control policies and procedures for prevention of corruption, frauds, bribery, extortion, money laundering and any malpractice or unethical practices.

Whistle-blowing procedures

We provide a communication channel for enquiries, feedback and complaints from inside and outside our Group. Anyone can fill in the "Feedback and Complaints" form on our website if they wish to do so. They may choose our Audit Committee Members, Investor Relations Representatives or both to handle the case. We are committed to thoroughly investigating each enquiry, feedback and complaint and having it resolved fairly and in the strictest confidence.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INVESTING IN OUR COMMUNITY

CALC is committed to lending a helping hand to different sectors of people in need. We believe that a sustainable business is dependent on the stability and well-being of our communities. Our corporate philanthropy is aimed at giving a lasting and positive impact to communities through financial giving and employee volunteerism.

In 2015, we made donations to various charitable bodies to contribute to the community. At the same time, many of our people volunteered to participate in activities such as the ACCA Community Day Rickshaw Race, Orbis Walk for Sight, Environmental Ironman Triathlon, Orbis Carnival, Orbis 2015 World Sight Day and Moonwalkers Night Walkathon.

While developing its business and meeting the needs of the community, CALC is actively promoting social responsibility, in partnership with its stakeholders to achieve a win-win situation.

The CALC Group is a staunch supporter of public spirited activities, protecting the environment, and care for the community. It is also committed to making contributions for the sustainable development of society, and conducting its activities with positive energy.

Forms of contribution	2015
Cash Donations	HK\$830,000
Management and other employee time	280 hours



◀ On 18 January 2015, our people have participated in the 18th ACCA Community Day Rickshaw Race Fund Raising Event held at Chater Road Sunday Pedestrian Zone in Central.





▲ On 29 March 2015 we participated in Orbis Walk for Sight.



▲ On 16 June 2015, we participated in Environmental Ironman Triathlon organised by the World Green Organisation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



▲ On 24 June 2015, we participated in Orbis Carnival.



▲ On 8 October 2015, we have participated in Orbis 2015 World Sight Day fundraising event and made a donation to help subsidise surgeries that will enable many blind people to escape from the prison of darkness.

Corporate Social Responsibility

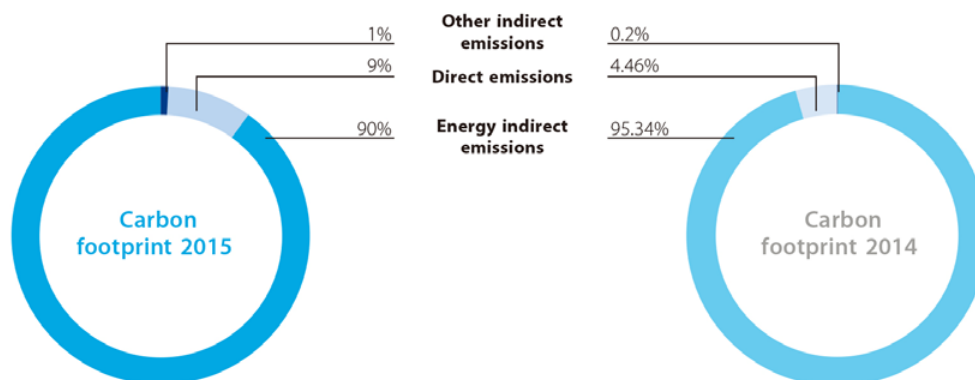
The Group has been awarded the Caring Company Logo by The Hong Kong Council of Social Service in commendation and giving public recognition of our efforts in 2015 that demonstrate good corporate citizenship.



CO₂ EMISSIONS

Carbon Footprint for years ended 31 December 2015 and 2014

Scope	Details	Tonnes of CO ₂ -e	
		2015	2014
1: Direct Emissions	Company-owned car	6.95	5.43
2: Energy Indirect Emissions	Electricity consumed	72.67	115.93
3: Other Indirect Emissions	Paper used	1.25	0.24
Total:		80.87	121.60
Carbon Footprint (tonnes per employee per annum)		1.93	2.90



We appreciate the importance of raising the awareness of our employees to understand our environmental impact and stress our determination by taking various reduction initiatives mentioned below to take action to reduce our footprint

significantly. We will continue to support our people in reducing environmental impact in their personal and professional lives, as well as in our communities and our stakeholders all around the world.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Energy Saving

All staff are encouraged to switch off the power of light, air conditioners, computers, personal electronic devices and common office equipment when they are not in use. All electronic appliances are well maintained to keep efficiency in our office.



Water Saving

Auto taps are installed for using water at restrooms in our office and staff are encouraged to save water usage. Low-flush toilets are used in office to ensure that there is no water wastage.



Waste Management

Staff are encouraged to bring reusable containers and utensils for their own drinking or eating and reusable cups for visitors are used. Rubbish recycle pull out bins with usage guide are placed at staff common areas. Scratched, nicked or dented furniture were repaired or restored to good conditions during office renovation in 2015 to avoid unnecessary wastage. Records of stationery ordering, storage and usage are kept to control overstock and wastage. Reuse of stationery is also encouraged. Electric hand dryers are installed to reduce paper towel consumption.



Printing and Paper Saving

Staff were aware to collect and reuse single-sided recycle printings for internal documents.

To avoid unnecessary wastage and promote effective usage of paper, all staff have been educated to implement "think before printing" principle. Emails instead of hardcopy are encouraged. CALC encourages double-sided printing and copying, and has also appended on all emails an automatic footnote asking the recipients to consider the environment before printing. Space and page efficiency check with the help of printing preview is recommended. Other paper saving print default settings such as the adoption of economic mode, black and white output colour, selection of bypass for reuse recycled paper are encouraged.

Green Procurement

Purchases of snacks and fruits for all staff are ordered in bulk to reduce packing waste. Office supplies are purchased locally to reduce carbon footprint incurred in transportation.

IT Management

Energy saving mode is auto set for all computers. The containers of ink cartridges and toner of printers and copiers are recycled by the suppliers. The appropriateness in usage of IT equipment is evaluated and monitored to avoid misuse.

Transportation

We choose our office locations close to public transportations. Staff are encouraged to walk if meeting venues are within Central and Western District.



Green Office Management and Awards

CALC participated in the Green Office Awards Labelling Scheme ("GOALS") of the World Green Organisation ("WGO") in March 2015 with an aim to developing green office practices.

Green Manager is assigned for our green office management who is responsible to promote green office awareness to all staff and encourage them to follow green office guidelines set by the management.

After green auditing and the verification of supporting documents by WGO, our Hong Kong office has received two qualifications — Green Office Label and United Nations Millennium Development Goals (UNMDG) Better World Company Label, for the recognition of our efforts in: energy savings, water savings, waste reduction, paper/printing reduction, green procurement, IT use and disposal, transportation, education and awareness, and green innovation.




◀ Our Deputy CEO and CFO, Barry MOK, represented CALC at WGO GOALS 2015 Ceremony and received the trophy and certificate.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PROGRESS OF ACTIONS IN 2015 AND SUSTAINABILITY TARGETS FOR 2016

In 2016, CALC will introduce or continue the following initiatives to strengthen its ESG performance:

Progress/Targets	Focus
 <p>Participation of Green Office Awards Labelling Scheme (GOALS) of WGO in 2015</p> <p>Continuous participation of the same scheme in 2016</p>	<ul style="list-style-type: none"> To upkeep the WGO Green Office Best Practices under nine categories — energy saving, water saving, waste reduction, paper/printing saving, green procurement, IT use and disposal, transportation, education and awareness, green innovation. To build an energy monitoring system To analyse and evaluate green office actions To promote green office best practices to all offices of the Group located outside Hong Kong
<p>Training workshops, talks and seminars on various topics in 2016</p> <ul style="list-style-type: none"> Prevention of Bribery and Corruption Awareness of Equal Opportunities 	<ul style="list-style-type: none"> To raise staff awareness of anti-corruption practices and equal opportunities, etc.
<p>Establishment of SS Committee in 2015</p> <p>Review of plans, policies and monitoring procedures by SS Committee and focus groups for compliance with the ESG reporting requirements in 2016</p>	<ul style="list-style-type: none"> To assess risks relating to ESG To conduct a thorough materiality analysis to identify additional stakeholders' concerns To review plans, policies and procedures implemented and identify gaps in the whole Group for compliance with the ESG reporting requirements To analyse and evaluate with comparative figures of performances in the two ESG subject areas, namely, environmental and social areas
<p>Development and review of policies on human resources, health and safety, development and training, environmental protection, etc. (in progress)</p>	<ul style="list-style-type: none"> To enhance CALC's compliance and best practice in ESG areas To address the opportunities and risks arising from strategic issues, and enhance management efficiency and employee relations

CORPORATE GOVERNANCE REPORT

The Board of the Company (the "Board") is pleased to present this corporate governance report in the annual report for the year ended 31 December 2015 of the Company and its subsidiaries (the "Group").

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining good corporate governance standards. The Group acknowledges the vital importance of good governance to the Group's success and sustainability.

The Board is committed to achieving a high standard of corporate governance as an essential component of quality and has applied corporate governance practices appropriate to the conduct and growth of business of the Group.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to formulate its business strategies and policies, and to enhance its transparency, accountability and shareholder value.

The Company has adopted the principles set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

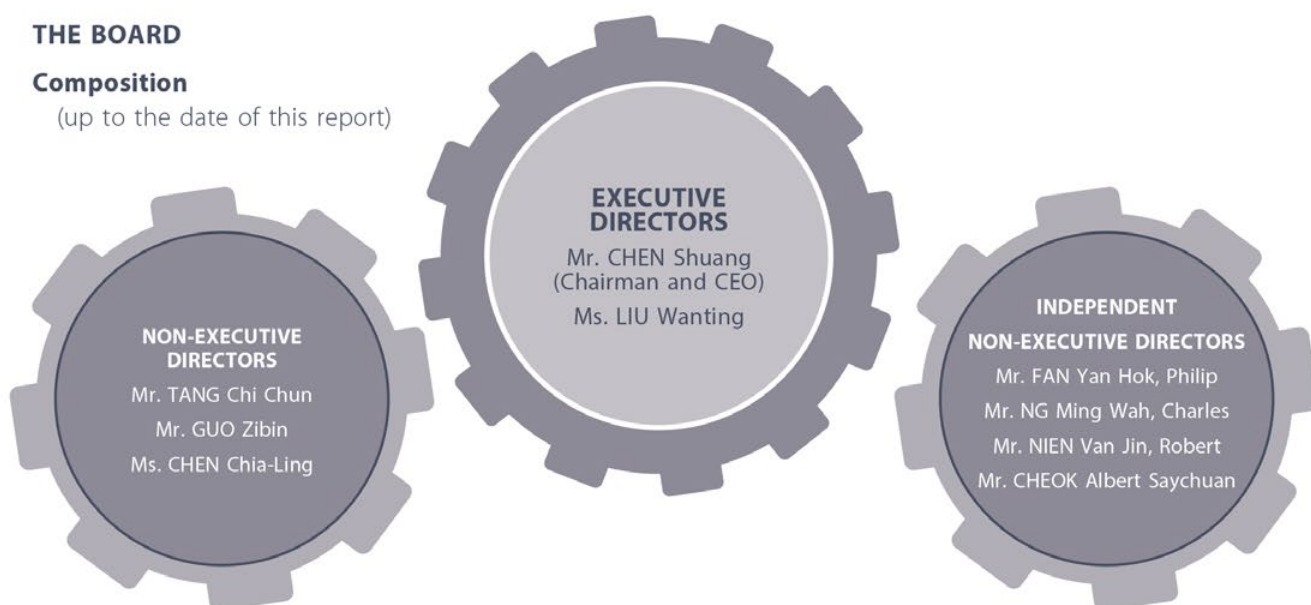
The Company has complied with all Code Provisions set out in the CG Code for the year ended 31 December 2015 with the exception of Code Provision A.2.1 due to the overlapping roles of Chairman and chief executive officer of the Company (the "CEO") performed by Mr. CHEN Shuang with effect from 18 June 2015. The Board considers that the balance of power and authority of the Board will not be impaired even though the roles of the Chairman and the CEO are performed by the same individual. At present, the Board also believes that under the leadership of Mr. CHEN Shuang as the Chairman and the CEO, the Board's decision could be made effectively and are beneficial to the management and development of the Group's businesses. The Board will review this structure from time to time and will consider the separation of the two roles at an appropriate time.

The Company will continue to enhance 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 it complies with the CG Code and aligns with the latest developments.

THE BOARD

Composition

(up to the date of this report)



CORPORATE GOVERNANCE REPORT

Throughout the year, the Board has complied with the Listing Rules to have at least three independent non-executive directors (the "INED(s)") who represent one-third of the Board and with one of whom holds appropriate professional qualifications and accounting or related financial management expertise.

The Board received from each INED a written annual confirmation of their independence satisfied with guidelines set out in Rule 3.13 of the Listing Rules, and the nomination committee of the Company (the "Nomination Committee") assessed the independence of each INED at the meeting before the date of this report. Each INED will inform the Company in writing as soon as practicable if there is any change of circumstances which may affect his independence.

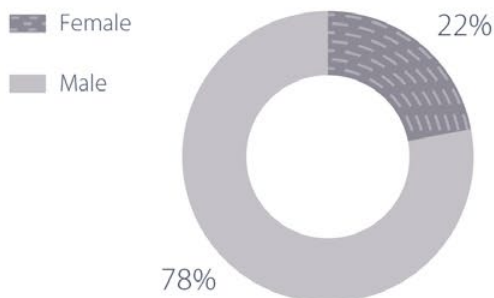
The Directors do not have financial, business, family or other material/relevant relationships with each other.

After annual assessment by the Nomination Committee at the meeting before the date of this report, the Board considers the current structure, size and composition of the Board is performing a balanced and independent monitoring function on management practices to complement the Company's corporate strategy. The profile of Directors as at the date of this report is set out on pages 74 to 78.

Board Diversity

The Company has adopted a policy on diversity of the Board members. Under the policy, the Nomination Committee is delegated to review, assess and recommend any appointment, re-election or any succession plan of any directors to the Board from time to time after considering a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience, to allow for the Company's business model and specific needs.

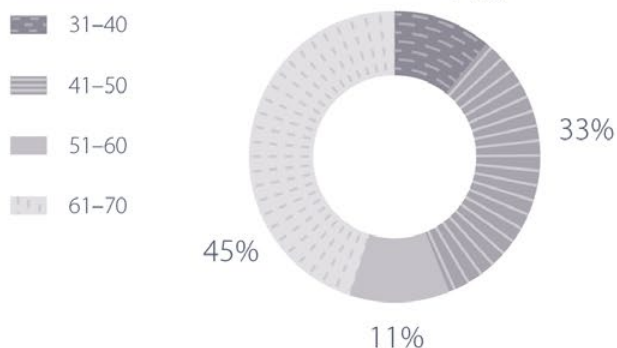
Gender



Board's Composition



Age Group



Roles of the Board

The executive Board is responsible for setting up the Company's corporate strategy, monitoring its implementation and reviewing operational and financial performance of the Group by making decisions in major aspects of the Company's matters, including but not limited to approving and monitoring key policies, material transactions, business plans, annual budgets, internal control and risk management systems, annual and interim results, major capital expenditure and appointment of directors.

The non-executive Board (including more than half are INEDs) has diversified industry expertise and professional knowledge, and provides advisory, adequate check and balances for effective and constructive contribution to the executive Board to safeguard the shareholders' interests and the Company as a whole.

Day-to-day operational management and administration functions of the Group and implementation of the corporate strategies of the Group are delegated to the strategy committee of the Company (the "Strategy Committee") and the management team of the Group (the "Management Team").

Appointment, Re-election, Rotation and Removal of Directors

The Company has established formal, considered and transparent procedures for appointment, re-election, rotation, and removal of the directors. The Nomination Committee is responsible for considering the suitability of individual to act as a director and making recommendations to the Board on appointment or re-election of directors, succession planning of directors and assessing the independence of the INEDs. The key matters addressed by the Nomination Committee during the year are as set out below under sub-section headed "Nomination Committee".

All non-executive directors entered into service contracts with the Company with specific term of office. However, their term of office each is the period up to his retirement by rotation or retirement, but eligible for re-election at annual general meetings of the Company in accordance with the Company's articles of association.

In accordance with the Company's articles of association, the Company may from time to time in general meeting elect any person to be a director to fill a casual vacancy or as an addition to the Board. The directors shall have power from time to time to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. Any director so appointed shall hold office only until the next following general meeting, and shall then be eligible for re-election at that general meeting.

At each annual general meeting of the Company, not less than one-third of the directors (including those appointed for a specific term) shall retire from office by rotation provided that each director shall be subject to retirement by rotation at least once every three years.

CORPORATE GOVERNANCE REPORT

Board Meetings and General Meetings

Three general meetings (including an annual general meeting) and five Board meetings were held during the year. The attendances of each director at the Board and general meetings during the year are set out in sub-section headed "Board, Board Committee and General Meetings Attendance".

Annual schedule of Board meetings and draft agenda of each meeting are made available to the directors sufficient time in advance to encourage the directors' involvement. Notice of board meetings at least 14 days has been given and board papers are sent at least 3 days before the Board meetings. All directors have full and timely access to the Management Team for any information to enable them to make informed decisions at the Board meetings, as well as the company secretary of the Company who ensures that the regulatory Board procedures are followed. Members of the Management Team are usually invited to attend the Board meetings to promote an effective communication within the Group. Each director is authorised to hire external consultants or experts for independent professional advice at the Company's expenses to discharge the director's responsibilities. The directors did not request for separate independent professional advice during the year.

The Company has arranged appropriate liabilities insurance to indemnify the directors from any liabilities arising from the business of the Group.

Induction and Continuing Development of Directors

The newly-appointed director was provided with a comprehensive, formal and tailored induction so as to ensure he was fully aware of his responsibilities as a listed company director under the Listing Rules and any other regulatory requirements.

The Company encourages all directors to participate in continuous professional development to further enhance and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company received from the directors the following records of the training attended during the year on the latest amendments to the Listing Rules and any other regulatory requirements:

Directors	Type of Trainings		
	Type 1	Type 2	Type 3
Executive Directors			
CHEN Shuang	✓	✓	✓
LIU Wanting	✓	✓	✓
Non-executive Directors			
TANG Chi Chun	✓	✓	✓
GUO Zibin	✓	✓	—
Independent Non-executive Directors			
FAN Yan Hok, Philip	✓	✓	✓
NG Ming Wah, Charles	✓	✓	✓
NIEN Van Jin, Robert	✓	✓	—
CHEOK Albert Saychuan	✓	✓	✓

Type of trainings:

1. Reading materials.
2. Attending the training sessions/press conference arranged by the Company.
3. Attending or giving speech at external seminars or training sessions.

Non-executive Directors (including INEDs) had attended meeting(s) independently held with the Chairman of the Board, who is also the chairman of the Strategy Committee, on direction of the Group's strategy and policies during the year.

Chairman and Chief Executive Officer

The roles of the Chairman of the Board and the CEO are performed by Mr. CHEN Shuang with effect from 18 June 2015. The Board considers that the balance of power and authority of the Board will not be impaired even though the roles of the Chairman and the CEO are performed by the same individual. At present, the Board also believes that under the leadership of Mr. CHEN Shuang as the Chairman and the CEO, the Board's decision could be made effectively and are beneficial to the management and development of the Group's businesses. The Board will review this structure from time to time and will consider the separation of the two roles at an appropriate time.

In December 2015, the Company has appointed Ms. Liu Wanting (executive director) and Mr. Mok Chung Tat, Barry (Chief financial officer) as Deputy CEOs of the Group.

The respective responsibilities of the Chairman and CEO are set out in the delegation policy which has been approved by the Board.

The Chairman is focusing on determination of strategy, direction and goal of the Group by chairing the Strategy Committee. The Chairman is also responsible for leading the Board to effective management of the Company by, among others, ensuring good corporate governance practices and procedures, encouraging the directors to make full and active contribution to the affairs of the Board, developing a culture of openness and debate among the directors and so Board decisions fairly reflect consensus, drawing up and approving Board meetings agenda, chairing Board meetings.

The CEO, within the powers delegated by the Board from time to time, is responsible for day-to-day management of the Company and to implement strategies and major policies decided by the Board with support of another executive director and the Management Team.

REMUNERATION OF DIRECTORS

The remuneration paid to and/or entitled by each of the directors for the year ended 31 December 2015 is set out in Note 28(a) to the financial statements.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by its directors. Following specific enquiries by the Company, all directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Company established three Board committees under the Listing Rules in September 2013, namely audit committee (the "Audit Committee"), remuneration committee (the "Remuneration Committee") and the Nomination Committee and all chaired by an INED to oversee their respective functions set out below, and to report to the Board on their decisions or recommendations by circulating the minutes of the committee meetings to all Board members. Each committee or committee member is authorised to hire outside consultants or experts for independent professional advice at the Company's expenses to discharge their responsibilities.



Audit Committee

The Audit Committee was established by the Board in September 2013 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and Code Provision C.3 of the CG Code. The primary duties of the Audit Committee include but not limited to reviewing and supervising the Group's financial reporting process and internal control system and providing advices and comments to the Board. As at the date of this report, the Audit Committee consisted of Mr. NG Ming Wah, Charles (Chairman), Mr. NIEN Van Jin, Robert, Mr. CHEOK Albert Saychuan and Mr. GUO Zibin. The Chairman of the Audit Committee holds appropriate professional qualifications or expertise in accounting or relevant finance management. Five Audit Committee meetings were held during the year. The attendances of each Audit Committee member during the year are set out in sub-section headed "Board, Board Committee and General Meetings Attendance".

During the year, the Audit Committee has reviewed with the Management Team and the external auditor the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the following:

- the review of the condensed consolidated financial statements for the six months ended 30 June 2015 and the audited consolidated financial statements for the year ended 31 December 2015;
- the discussion with the auditor on the nature and scope of the audit and reporting obligations before commencement of audit;
- the recommendation to the Board for the proposal for re-appointment of the external auditor of the Company and approval of the remuneration and terms of engagement of the external auditor; and
- the review of the Company's financial controls, internal control and risk management systems.

Remuneration Committee

The Remuneration Committee was established by the Board in September 2013 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and Code Provision B.1 of the CG Code. The primary duties of the Remuneration Committee include but not limited to regular monitoring of the remuneration of all the directors and senior management to ensure that levels of their remuneration and compensation are appropriate. As at the date of this report, the Remuneration Committee consisted of Mr. FAN Yan Hok, Philip (Chairman), Mr. NG Ming Wah, Charles, Mr. NIEN Van Jin, Robert and Mr. CHEOK Albert Saychuan. One Remuneration Committee meeting was held during the year. The attendances of each Remuneration Committee member during the year are set out in sub-section headed "Board, Board Committee and General meetings Attendance".

During the year, the Remuneration Committee has considered and recommended to the Board the remuneration and other benefits paid by the Company to the directors and senior management.

Nomination Committee

The Nomination Committee was established by the Board in September 2013 with written terms of reference in compliance with Code Provision A.5 of the CG Code. The primary duties of the Nomination Committee include but not limited to selecting and recommending candidates for directorship, review of the structure, size and composition of the Board and assessment of the independence of INEDs.

CORPORATE GOVERNANCE REPORT

As at the date of this report, the Nomination Committee consisted of Mr. NIEN Van Jin, Robert (Chairman), Mr. FAN Yan Hok, Philip, Mr. NG Ming Wah, Charles and Mr. CHEOK Albert Saychuan. Two Nomination Committee meetings were held during the year. The attendances of each Nomination Committee member during the year are set out in sub-section headed "Board, Board Committee and General Meetings Attendance".

During the year, the Nomination Committee has reviewed the structure, size and composition of the Board, assessed the independence of INEDs and made recommendation to the Board on the appointment or re-appointment of directors.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The external auditor of the Company had given to the Company a written confirmation of its independence and objectivity as required by the Hong Kong Institute of Certified Public Accountants before the conduct of the annual audit for the year ended 31 December 2015.

During the year, PricewaterhouseCoopers, the auditor of the Company, provided both audit and non-audit services to the Company for a total remuneration of HK\$5,747,000. The relevant fee paid for audit services amounted to approximately HK\$3,800,000 and the balancing of the remuneration related to the non-audit services of approximately HK\$1,947,000.

The Board and the Audit Committee satisfied PricewaterhouseCoopers of their findings, independence, objectivity and effectiveness in the annual audit and their audit fees. PricewaterhouseCoopers is proposed for re-appointment as the Company's external auditor at the forthcoming annual general meeting.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY OF FINANCIAL REPORTING

The directors acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2015 to give true and fair presentation of the financial position of the Company in accordance with all applicable Hong Kong Financial Reporting Standards and for timely financial disclosures under the Listing Rules and any other regulatory requirements.

The directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statements as to the auditor's responsibility of financial reporting is set out in the independent auditor's report on page 81.

INTERNAL CONTROL

The Board had conducted an annual review of the effectiveness of the internal control system of the Company in aspects of the Group's financial, operational, compliance controls and risk management functions during the year through efforts of the Audit Committee.

The Board has overall responsibility to maintain the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function.

COMPANY SECRETARY

Ms. TAI Bik Yin has been appointed as the company secretary of the Company on 26 March 2015. Ms. TAI has professional qualification and extensive experience in discharging her duties as the company secretary of the Company. Ms. TAI is a full-time employee of the Group and reports to the Board. She has day-to-day knowledge of the Company's affairs. Ms. TAI had taken no less than 15 hours of professional training for the financial year ended 31 December 2015.

SHAREHOLDERS' RIGHTS

Shareholders of the Company holding not less than 10% of the paid up capital of the Company may deposit at the Company's principal place of business in Hong Kong a requisition which specifies the objects of the meeting and is signed by the requisitionists to require an extraordinary general meeting to be convened by the Board. Shareholders could use the same way of calling an extraordinary general meeting as above to put forward proposals in detail at shareholders' meetings.

Shareholders' specific enquiries to the Board could be sent in writing to the company secretary of the Company whose contact details are as follows:

China Aircraft Leasing Group Holdings Limited
28/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
email: ir@calc.com.hk

The Company's Hong Kong branch share registrar and transfer office serves the shareholders with respect to all share registration matters.

Shareholders' rights are further preserved when separate resolutions are proposed at shareholders' meetings on each substantially separate issue, including but not limited to election or re-election of individual director at annual general meeting. All resolutions proposed at shareholders' meetings are put to vote by poll.

SHAREHOLDERS' COMMUNICATION POLICY

The Company has adopted a shareholders' communication policy. Under the policy, the Company communicates with its shareholders and investors through various means. Timely publication of interim and annual results, announcements on the latest development of the Company and press release on the Company's website and the Stock Exchange's website could make shareholders of the Company appraise the Company's financial position. Shareholders are highly required to pay attention to these public information. Holding of an annual general meeting could provide an effective forum for the Company's shareholders to share their views with the Board. Shareholders are welcome to attend the forthcoming annual general meeting. The directors and the external auditor of the Company would be available at the forthcoming annual general meeting to answer shareholders' questions about the annual results for the financial year ended 31 December 2015.

CONSTITUTIONAL DOCUMENTS

Since the adoption of amended and restated memorandum and articles of the Company took effect from the listing date of 11 July 2014, there are no changes in the memorandum and articles of association of the Company during the year.

CORPORATE GOVERNANCE REPORT

Board, Board Committee and General Meetings Attendance

The attendances of each director at all Board and Board committee meetings and general meetings during the year, demonstrating satisfactory attendance, are set out below:

Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting	Extraordinary General Meeting
Executive Directors						
CHEN Shuang ⁽¹⁾	5/5	n/a	n/a	n/a	1/1	0/2
LIU Wanting	5/5	n/a	n/a	n/a	1/1	2/2
POON Ho Man ⁽²⁾	1/2	n/a	n/a	n/a	0/1	n/a
Non-executive Directors						
TANG Chi Chun	5/5	n/a	n/a	n/a	1/1	0/2
GUO Zibin	5/5	2/5	n/a	n/a	0/1	1/2
Independent Non-executive Directors						
FAN Yan Hok, Philip	5/5	n/a	1/1	1/2	1/1	2/2
NG Ming Wah, Charles	5/5	5/5	1/1	2/2	1/1	2/2
NIEN Van Jin, Robert ⁽³⁾	5/5	5/5	1/1	2/2	1/1	1/2
CHEOK Albert Saychuan ⁽⁴⁾	4/4	4/4	n/a	n/a	n/a	1/2
ZHANG Chongqing ⁽⁵⁾	0/1	1/1	1/1	1/2	0/1	n/a
Total number of meetings	5	5	1	2	1	2
Dates of Meetings	26/3/2015 18/6/2015 16/7/2015 25/8/2015 14/12/2015	20/3/2015 29/6/2015 21/8/2015 15/10/2015 3/12/2015	30/1/2015	26/3/2015 29/4/2015	8/5/2015	19/5/2015 30/6/2015

Notes:

- (1) Mr. CHEN Shuang, Chairman of the Board, was appointed as the CEO and re-designated from a non-executive director to an executive director with effect from 18 June 2015.
- (2) Mr. POON Ho Man resigned as an executive director and CEO with effect from 18 June 2015.
- (3) Mr. NIEN Van Jin, Robert was appointed as Chairman of the Nomination Committee on 8 May 2015.
- (4) Mr. CHEOK Albert Saychuan was appointed as an INED and a member of the Audit Committee, Remuneration Committee and Nomination Committee with effect from the conclusion of the annual general meeting held on 8 May 2015.
- (5) Mr. ZHANG Chongqing retired as an INED and resigned as Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee with effect from the conclusion of the annual general meeting held on 8 May 2015.