LEXIN 乐信


# 2022

# Environmental, Social and Governance Report

NASDAQ:LX

# Contents





# About the Report

## Overview

This report targets to disclose the LexinFintech Holdings Ltd.'s (NASDAQ:LX) management measures and results in respect of environmental, social and governance (hereinafter "ESG"), in order to respond to the expectations of stakeholders.

## Scope of the Report

This report covers LexinFintech Holdings Ltd. and its subsidiary brands. For the sake of convenience, the terms "LexinFintech", "Lexin", "the Company", and "we" mentioned in this report all refer to LexinFintech Holdings Ltd. as a whole (NASDAQ: LX).

This report covers the period from January 1st, 2022, to December 31st, 2022 (hereinafter "reporting period"). In order to enhance comparability and completeness of the report, certain content is appropriately traced back to previous years or extended to 2023.

## Reporting Standards

This report is prepared in accordance with the GRI Sustainability Reporting Standards (hereinafter "GRI Standards") released by Global Sustainability Standards Board (GSSB).

## Reporting Process

The writing process of this report follows the requirements of the above-mentioned standards, and the relevant procedures include: the formation of the working group, identification of key stakeholders, stakeholder research, identification and prioritization of important ESG issues, determination of the boundaries of the ESG report, collection of relevant materials and data, framework determination, report writing, and management approval, etc.

## Information Assurance

This report is based on Lexin's statistical data and relevant documents. The currency mentioned in this report is CNY. The Company confirms that this report does not contain any misstatement or misleading statements, and is responsible for the truthfulness, accuracy, and completeness of the report contents.

## Access to Report

This report is published in both Chinese and English. In case of any discrepancy, the Chinese version shall prevail. To view or download this report online, please visit: https://www.lexin.com/.

## Feedback

We highly value the suggestions and opinions of stakeholders, and welcome and encourage readers to contact us through the following ways. Your feedback will help us further improve this report and enhance our ESG performance.

Please contact us in the following way:

Email：CSR@lexin.com

# Letter from CEO

Since establishment in 2013, Lexin has grown into a leading fintech company in China. Over the past few years, despite the complex and ever-changing external environment, Lexin has consistently solidified consumer rights protection, adhered to a risk-centered approach, made data-driven decisions, and continuously promoted refined operations. We have continuously strengthened cooperation with financial institutions, expanded the number of inclusive merchants, enhanced services for high-quality consumer groups, and achieved sustained business growth.

Lexin always puts employee well-being first, and we firmly believe that employees are the most valuable asset of the Company. When employees feel respected, cared for, and provided with opportunities for growth, the Company can develop healthily. We focus on employees' career development, provide training opportunities, create an equal and harmonious working environment, and are committed to achieving mutual growth for employees and Lexin.

In terms of the environment, Lexin actively responds to the opportunities and challenges brought by climate change. Through digital innovation, we take active measures to reduce emissions, create a low-carbon office environment, improve operational efficiency, and contribute to the achievement of the country's dual carbon goals. At the same time, we actively participate in green public welfare initiatives and encourage our employees to practice green and low-carbon behaviors.

Lexin upholds the social responsibility concept of "Consumer Finance and Philanthropy", and actively practices our social responsibility through Lexin Public Welfare Foundation. We continuously explore innovative ways to give back to society, such as popularizing financial security knowledge to consumers, supporting youth education development, and serving rural revitalization. Our goal is to make a positive impact on society through practical actions.

Lexin carries the expectations and demands of many stakeholders. We will continue to adhere to the Company mission of "Technology Makes Consumption Better", use the power of technology to enhance our corporate social responsibility, and work towards a better future while achieving business development.

**CEO**
**Jay Wenjie Xiao**

# Letter from Chairman of the Public Welfare Foundation

Lexin Public Welfare Foundation was established by Lexin in May 2017 as a non-public fundraising foundation. We focus on areas like protecting the rights and interests of financial consumers, poverty alleviation, and youth development. Our goal is to fully leverage Lexin's advantages in products, technology, and research and development, and actively participate in promoting public welfare development through the "Internet + Public Welfare" approach.

Lexin Public Welfare Foundation is responsible for supervising Lexin's corporate social responsibility. As a fintech company, Lexin recognizes that operating in compliance with laws and regulations is essential to gaining the trust and support of society. Therefore, we are committed to strengthening the internal compliance system, actively cooperating with regulatory authorities' requirements, and ensuring that our business activities comply with laws, regulations, and ethical standards.

Lexin always adheres to an open and inclusive development philosophy. Lexin Public Welfare Foundation leads Lexin's sustainable development management work, demonstrating Lexin's unremitting efforts in the areas of environment, society, and governance through various channels of communication and information disclosure. It drives Lexin to gradually enhance the depth and breadth of the work, thereby increasing the competitiveness and influence, and gaining recognition from domestic and foreign investors.

Public welfare poverty alleviation has always been a crucial aspect of Lexin's public welfare initiatives. We prioritize the needs of education, healthcare, environmental protection, and other areas in impoverished regions, with the aim of enhancing the living conditions of those affected by poverty and disasters. Our efforts are geared towards instilling confidence and promoting development among these communities. Moreover, we are committed to safeguarding consumer rights, fostering youth development, and promoting green environmental protection, etc. We offer free legal assistance to financial consumers, provide a platform for outstanding youth to exchange their ideas and collaborate, and promote green actions both within the Company and the business dealings. Our goal is to promote the concepts of public welfare and sustainable development both within and beyond Lexin.

Lexin Public Welfare Fund will continue to act as a bridge between Lexin and stakeholders, consistently upholding social responsibility. We will work together with other parties of society and create a bright future.

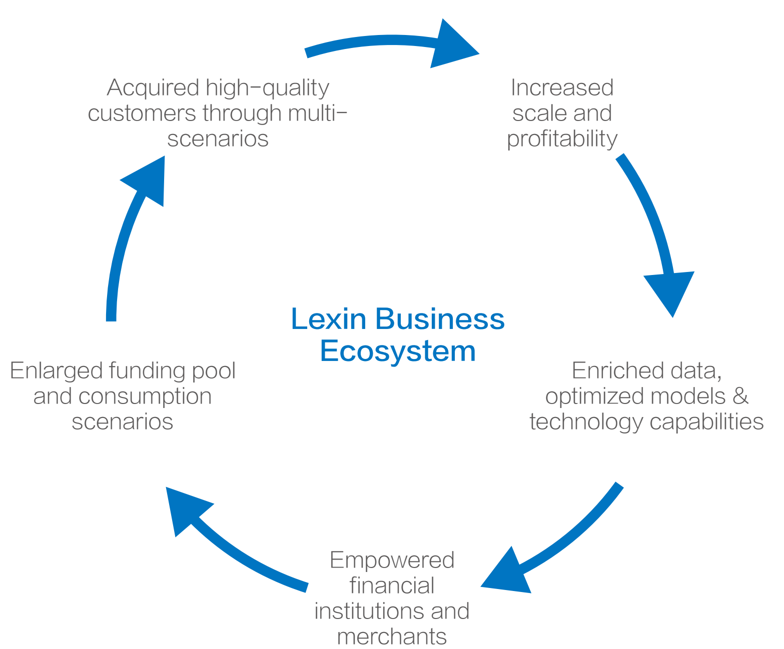
**Chairman of the Public Welfare Foundation**
**Jianbin Huang**

# About LexinFintech

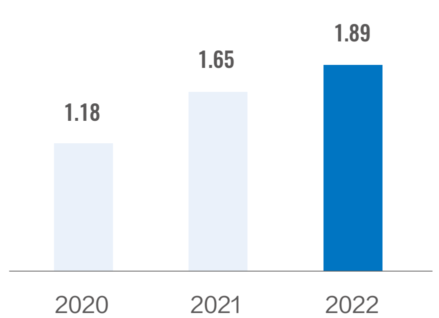
## Company Overview

Leixin (NASDAQ:LX) was founded in October 2013 and is a leading technology-empowered consumer financial service enabler in China. With the mission of "Technology Makes Consumption Better", we continuously create innovative consumer solutions. The businesses include Fenqile, China's first online installment shopping mall, Lehuoka, a credit product for all scenarios, Maiya, a new installment shopping platform, Yunxi Technology, which helps financial institutions with digital transformation, and Lexin Inclusive Finance, which provides credit loan services for high-quality salaried workers and small and micro enterprises. Lexin leverages technology to help more than 20 million merchants and nearly 200 financial institutions in improving efficiency and operational capabilities, serving nearly 200 million high-quality and high-growth consumer groups in China. It promotes consumption upgrading and supports the development of the real economy.

Lexin relies on consumer scenarios and a high-quality customer base to build a unique "Lexin business ecosystem" with four underlying capabilities: user operation, risk control, funds, data, and technology. These various businesses synergize with each other to form a cyclically enhanced path. The Lexin business ecosystem integrates diverse businesses, Lexin's scenario characteristics, and technological strength, making it the core advantage for Lexin to achieve differentiated competition and sustainable development.




Number of Lexin Registered Users
(in 100 million)





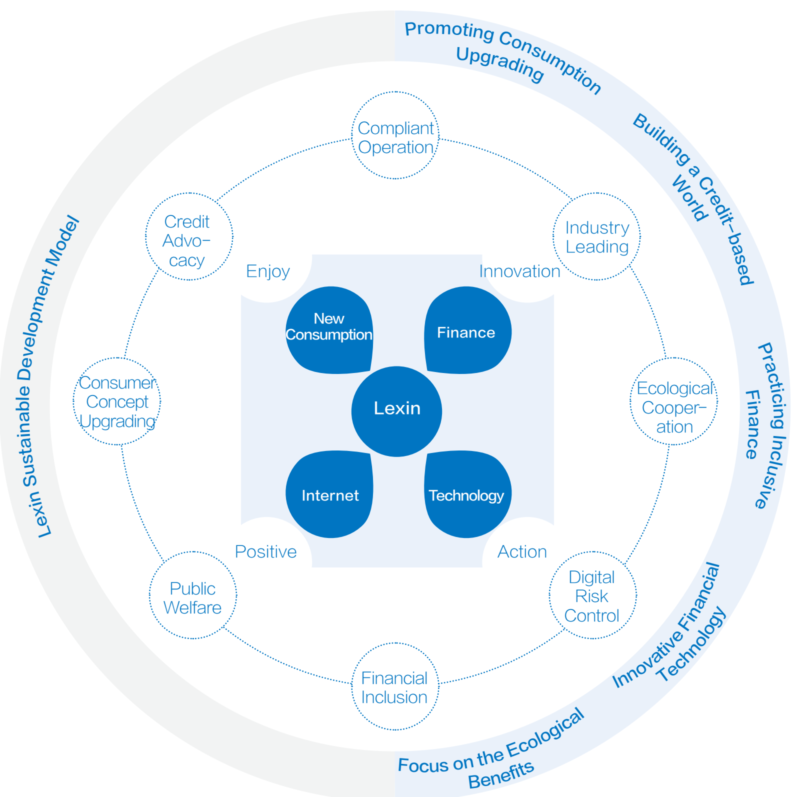

## Honours

| Awards and Honors | Awarding Institution |
|---|---|
| 2022 China's Top 500 Service Enterprises | China Enterprise Confederation, China Entrepreneurs Association |
| 2022 China's Best Digital Loan Service | The Asian Banker |
| 2022 Best Digital Business Model | |
| 2022 Annual Certification of Wealth and Social Enterprise Commitment | |
| 2023 China's Best Digital Ecosystem Project | |
| 2022 China's Top 100 Internet Companies | China Internet Association |
| Top 100 Private Enterprises in Guangdong Province | Guangdong Federation of Industry and Commerce |
| 2022 China Annual Newcomer List "Optimizing Life - Leading Award for Trendy Consumption" (Fenqile Mall) | New Weekly |
| 2022 Shenzhen Financial Business Card | Shenzhen Business Daily |
| 2022 Typical Cases of Digital Financial Innovation (Consumer Rights Protection "5S Guardian System") | Southern Metropolis Daily |
| 2022 BRIC Awards (Lexin Inclusive Finance) | |
| The First Batch of Data Security Industry Achievements in 2022 - Ten Typical Application Cases (Lexin Data Dynamic Security Operation Management) | China Software Evaluation Center |
| 3A Rating Social Organization (by Lexin Public Welfare Foundation) | Ministry of Civil Affairs |
| 19th Shenzhen Caring Action Commendation Evening - Top 10 Caring Enterprises | Shenzhen Civilization Office, Shenzhen Care Office |

# ESG Management

Lexin adheres to the mission of "Technology Makes Consumption Better" and carries the vision of promoting sustainable development of the industry. We actively leverage the professional advantages and technological innovation capabilities to drive the transformation of the Company's sustainable development. Through our practices, the Company showcases the emerging power of fintech enterprises.

Lexin's sustainable development management work is led by the Lexin Public Welfare Foundation, which has a solid foundation in sustainable development work, and is connected to the board of directors and management team. The Company also connected to functional departments/business lines that are highly related to sustainable development. We advocate for the comprehensive integration of sustainable development concepts into corporate decision-making and business operations, and promote smooth and effective progress through collaboration between the upper and lower levels.




Lexin Sustainable Development Model



## Sustainable Development Power

New Consumer, Financial, Technology, Internet

New consumption, finance, technology, and the internet are not only the engines driving Lexin's rapid growth, but also the intrinsic motivation and foundation for Lexin to effectively participate in solving social and environmental sustainability issues.

## Sustainable Development Path

Enjoy, Innovation, Action, Positive

By sharing ideological concepts, constantly breaking through barriers, continuously taking action, and gathering positive forces, Lexin strives to "Create business value and solve social problems".

## Sustainable Development Action

Compliance Operation, Industry Leading, Ecological Cooperation, Digital Risk Control, Financial Inclusion, Public Welfare, Consumption Concept upgrading, Credit Advocacy

We will focus on eight major sustainable development topics and actions that are highly relevant to Lexin, based on the four paths of "Enjoy, Innovation, Action, Positive". Our aim is to maximize the use of our industry, business, technological, and resource advantages to solve current practical problems.

## Sustainable Development Goal

Promoting Consumption Upgrading, Building a Credit-based World, Practice Inclusive Finance, Innovative Financial Technology, Focus on the Ecological Benefits

In line with the core mission of "Credit growth achieves a quality life", we are committed to five major objectives: Promoting Consumer Upgrading, Building a Credit-based World, Practice Inclusive Finance, Innovative Financial Technology, and Focus on the Ecological Benefits. Our aim is to contribute to the growth of the Chinese economy and improve people's lives.

## Sustainable Development Ecosystem

Joining hands with stakeholders

Stakeholders play a crucial role as participants, collaborators, and witnesses in Lexin's sustainable development journey. We will work together with employees, consumers, partners, governments, and other internal and external stakeholders to consistently deliver value and collectively strive for a better quality of life.

## Communication with Stakeholders

Stakeholder communication is an important part of the Company's ESG management. We strive to maintain open and transparent communication channels with a diverse range of stakeholders, including government/regulators, shareholders/investors, customers, employees, partners/suppliers, communities/media/charitable organizations. By establishing regular communication mechanisms, we are able to understand the opinions and expectations of all parties and incorporate their concerns into the Company's operational decision-making process.

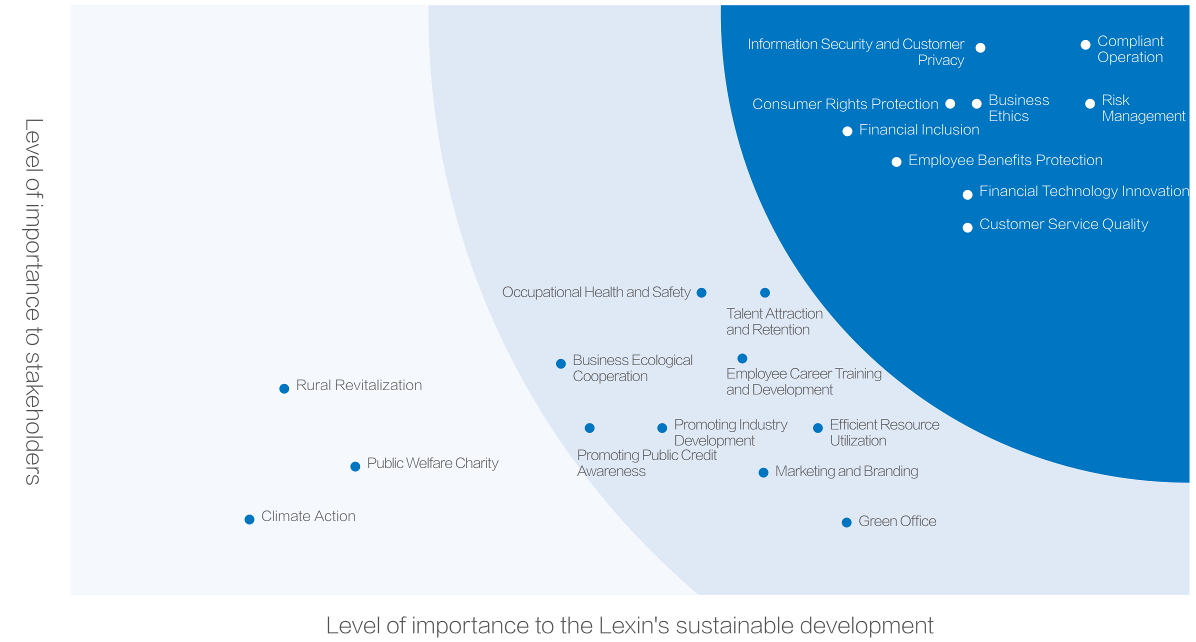
During the reporting period, we have identified and categorized the following key stakeholders who have decision-making power and influence over Lexin. This categorization is based on regulatory requirements, market attention, and leading industry practices.

| Stakeholders | Concerns and Expectation | Communication and Response |
|---|---|---|
| Government & Regulators | Compliance Operation<br>Business Ethics<br>Financial Inclusion<br>Promoting Consumption Upgrading | Participation in Government Projects<br>Strategic Cooperation<br>Visitor Reception<br>Work Report<br>Forum Communication |
| Shareholders & Investors | Compliance Operation<br>Business Ethics<br>Risk Management | Shareholders' Meeting<br>Shareholder Visits and Communication<br>Company Official Website<br>Regular and Irregular Information Disclosure<br>Various Forums, Summits, etc |
| Customers | Improving Public Credit Awareness<br>Financial Inclusion<br>Customer Service Quality<br>Information Security and Customer Privacy<br>Consumer Rights Protection<br>Financial Technology Innovation<br>Product Services and Branding<br>Risk Management | Company Visit<br>Customer Interview<br>Activities Organization<br>Satisfaction and Complaint Survey<br>Customer Service Hotline<br>Online Communication |
| Employees | Employee Benefits Protection<br>Employee Career Development and Training<br>Talent Attraction and Retention<br>Occupational Health and Safety | Professionalism Survey<br>Internal Website<br>Symposium and Exchange Activities<br>Public Mailbox<br>Promotion and Development Communication |
| Partners & Suppliers | Business Ecological Cooperation<br>Promoting Industry Development<br>Financial Technology Innovation<br>Risk Management | Supplier Open Recruitment<br>Partner Conference<br>Industry Exchange Meetings, Forums, Summits, etc.<br>Negotiation for Cooperation<br>Information Disclosure |
| Media/ Communities/ Charitable Organizations | Participating in Community Development<br>Supporting Public Welfare<br>Increase Employment Opportunities | Public Welfare Project<br>Volunteer Service<br>Strategic Cooperation<br>Community Building |



## Materiality Assessment

During the reporting period, we conducted interviews and questionnaire surveys to fully understand the expectations, suggestions, and development needs of various stakeholders towards Lexin. We also conducted substantive issue analysis to provide a basis for the improvement of ESG management and information disclosure.




Lexin Materiality Matrix

| Level of Importance | Category | Issue |
|---|---|---|
| High importance (9 issues) | Company Operation | Compliant Operation |
| | | Risk Management |
| | | Business Ethics |
| | Operating Practices | Information Security and Customer Privacy |
| | | Consumer Rights Protection |
| | | Customer Service Quality |
| | | Financial Technology Innovation |
| | | Financial Inclusion |
| | Employment | Employee Benefits Protection |
| Moderate importance (9 issues) | Operating Practices | Business Ecological Cooperation |
| | | Promoting Industry Development |
| | | Marketing and Branding |
| | | Promoting Public Credit Awareness |
| | Employment | Talent Attraction and Retention |
| | | Employee Career Training and Development |
| | | Occupational Health and Safety |
| | Environment Management | Efficient Resource Utilization |
| | | Green Office |
| Low importance (3 issues) | Community Participation | Rural Revitalization |
| | | Public Welfare Charity |
| | Environment Management | Climate Action |

# User Responsibility:
## Safeguarding Consumer Rights

Lexin has always prioritized consumer rights and incorporated related work into the Company's overall development strategy. This includes strengthening consumer rights protection, eliminating consumer concerns, and providing important support for the comprehensive promotion of consumption. By doing so, we can help to boost domestic demand potential and fuel the economy momentum.

In 2022, Lexin is committed to enhancing the systematic construction of consumer rights protection. To achieve this, the Company has established a consumer protection compliance working group. This group has formulated management norms that cover various aspects, including personal information protection of consumers, emergency handling of complaints, fairness and inclusiveness, financial risk assessment, combating financial black production, and knowledge popularization. Additionally, the Company has launched the "5S Guardian System" to comprehensively enhance the strategic significance of consumer rights protection.

**Intelligent Customer Service**

- Self-service triage of user issues
- Quick access to live customer service
- Intelligent customer service accuracy rate 97%
- Customer service satisfaction rate 99.6%

**Anti-fraud Safeguard**

- Intelligent Full-Chain Intercepting of Online Fraud
- Significant reduction in fraud rate by 90%
- In 2022, users were reminded of anti-fraud security over 70 million times
- A total of 360 million RMB has been saved to prevent user losses throughout history

**Data Security Protection**

- Protection and governance system covering the entire data lifecycle
- No data leakage since going online for many years
- Intercepted 150 million data security attacks

**Strike Financial Black Industry**

- Building complex network for intelligent risk identification
- Joint efforts of multiple police forces to combat illegal activities
- Establishing the "Anti-Financial Black Industry Alliance" in collaboration with the industry

**Standard Service**

- Video and audio AI dual recording before the transaction to ensure that users understand all transaction information
- Post-transaction satisfaction survey follow-up
- Avoiding financial

"5S Guardian System" - Building a Comprehensive Security Firewall for Consumers

## Intelligent Customer Service

A smooth customer service channel is a crucial part of protecting consumer rights. To ensure timely and effective responds on users' needs, the Company enhanced the service system in 2022. We have strengthened the closed-loop service system, covering the front, middle, and back offices. As part of this effort, we are launching a consumer protection hotline (95730-1) in our front office. This will allow for seamless integration of both manual and intelligent voice support. In addition, the Company upgraded the intelligent customer service system by building an AI central platform and four major technological capabilities for AI customer service robots. This will enhance the efficiency of our intelligent customer service in four key areas: intelligent prediction, intelligent response, intelligent warning, and intelligent routing.

**Intelligent Prediction**

Anticipating the questions that users may consult
Proactively recommend relevant information
The overall diversion rate has reached 91%

**Intelligent Response**

Enhancing the ability to understand contextual semantics in multi-turn conversations
The accuracy of key information recognition reaches 97%

**Intelligent Warning**

Identifying 9,361 types of emotional language data and providing real-time alerts for abnormal emotions

**Intelligent Routing**

Automatically switching to manual intelligent routing based on user inquiries

Upgrading "Smart Bird" Intelligent Customer Service System



The Company is committed to continuously improving the products and services based on user feedback. We also conduct regular self-assessments to identify areas for improvement, with a focus on developing and innovating with user experience as our core priority. For instance, when switching to the capital deduction mode, the Company proactively solved potential issues that users might encounter during the repayment process, and proactively launched features such as "online automated monitoring and order closure" and "support for using repayment coupons with capital deduction". We also expand the coverage of payment methods including WeChat and Alipay. Additionally, refund efficiency is crucial to ensuring a positive user experience. While the majority of refunds are processed automatically by the system, there may be cases where system refund failures occur. To address this issue, we have optimized the refund failure process and user experience fund distribution, implementing automated monitoring and proactive intervention in relevant scenarios. We no longer passively wait for user feedback, but instead take a more proactive approach to resolving issues.

Lexin has upgraded the guardian system, innovated the customer service system. We independently optimized and improved various aspects to protect users' rights, enhance the experience, and reduce complaints from the root. In response to feedback and complaints, we have established a comprehensive complaint handling standard that classifies complaints received from customer service, third-party rights protection platforms, regulatory agencies, and cooperative institutions. We have set different handling standards for each stage of the complaint process. Team 0, composed of the highest responsible persons from various business lines of the Company, makes final decisions on major customer complaints according to the standardized complaint handling process. At the same time, the Company also implements strict complaint data management, a complaint risk reporting mechanism, and an assessment mechanism to continuously improve the efficiency of complaint handling and fill any gaps in response processes.

| Customer Service Department | Business/Functional Department | Customer Service Department | Team 0 |
| --- | --- | --- | --- |
| Frontline Customer Service/ Second-line Customer Service/ Complaints Team | Public Relations / Legal/ Business Departments, etc. | Consumer Protection Group | Heads of each business lines |

Complaint Handling Chain

## Anti-fraud Safeguard

Telecom network fraud has been a persistent problem, causing significant losses of personal information and property for the public. To effectively detect various fraud risks, Lexin has established an anti-fraud center and amassed a vast database of fraud cases, ensuring the security of consumer funds throughout the entire process.

Lexin utilizes advanced AI technologies, such as LBS information clustering, behavior clustering, complex networks, natural language processing, and speech recognition, to create powerful functionalities that achieve high-precision identification and interception of new financial fraud. Additionally, we enhance the application of intelligent robots to provide users with comprehensive and multi-node reminders, dissuasion, and intelligent interception against potential fraudulent activities on the platform. Prior to any fraudulent behavior, we issue warning prompts to users through various channels, such as our app, official accounts, SMS, and interactive voice response (IVR). When fraudulent activities are detected, we employ various methods, including intelligent voice interaction interception, questionnaire interception, transaction pop-up dissuasion, delayed fund transfers, and manual verification interception, to promptly dissuade and intercept, thus preventing users from suffering losses.

| | | |
| --- | --- | --- |
| Real-time Anti-fraud Monitoring | Real-time Anti-fraud Investigation | Anti-fraud Algorithm Tool |
| Anti-fraud Rule Engine | Anti-fraud Information Database | Anti-fraud Public Opinion Collection |

Six Major Functional Intelligent Identification and Interception of Online Fraud

Case Study **Participating in the Remediation of Counterfeit APP Chaos**

Various kinds of counterfeit APPs that use similar logos, pictures and texts to deceive users into visiting and downloading, collect personal information in violation of the law, and disseminate undesirable and harmful information pose a great threat to users' privacy and property security.

In response to the chaotic phenomenon of counterfeit APPs, Lexin has developed the "Counterfeit App Blocking and Governance Program", which starts from the reverse analysis of the counterfeit APP industry chain, breaks down the core links of the industry chain, governs the offending SMS channels, and blocks the black IPs from the backstage services of overseas IDCAPPs, so as to realize that the SMS can't be sent, the domain name can't be accessed, and it can't be downloaded and installed, effectively blocking the access links of counterfeit APP.

In 2022, Lexin "Counterfeit App Blocking and Governance Program" won the "Project of the Year Award" in the first Super CSO Annual Selection.

| | |
|---|---|
| In 2022, Lexin provided users with more than **70** million anti-fraud security reminders. | Through the whole-link protection strategy, the automation rate of Internet fraud interception on the Lexin platform has increased by **30**%. |
| The trend of users being defrauded is declining, and the fraud rate has been reduced by **90**%. | As of December 2022, the amount of user losses recovered exceeded **360** million RMB. |

# Strike Financial Black Industry

The AIF Alliance, the first nationwide collaborative organization dedicated to combating financial black market activities, has been established to unite the industry's efforts and expose the likes of debt collection scams and other forms of financial black market operations

We are constantly improving the technical identification capabilities, accumulating a blacklist of tens of millions of entries, and building a complex network with approximately 500 million nodes to detect risks in a timely manner. In the face of the endless illegal activities in the financial black industry, the Company has also collaborated with the police in Hubei, Jiangxi, and other regions to investigate multiple cases of illegal proxy complaints. Besides, we have established the first national mutual assistance organization in the financial black industry - the "Alliance against Illegal Industry in Financial Field" (AIF Alliance) - with more than ten institutions such as Mashang Consumer Finance, PingAn inclusion, and Merchants Union Consumer Finance. Our focus is on combating malicious debt evasion, malicious proxy complaints, and illegal credit repair to purify the industry environment.

In addition, Fenqile has actively practiced the initiatives of the Internet Finance Association and explored diversified ways to combat financial black industry.

**Actively advocate and participate in the construction of industry standards**

At the academic seminar on "Protection of Financial Consumers' Rights and Interests in China" in June 2023, Lexin shared its experience and put forward a number of proposals, such as standardizing the complaint mechanism and stepping up administrative law enforcement, from the industry's point of view and practical experience.

**Joining hands with the police in multi-location and multi-dimensional crackdowns**

We cooperate with the police in Jiaxing, Zhejiang Province, Wuhan, Hubei Province and other places in the protection of consumers' rights and interests, and jointly crack down on illegal agents for the protection of rights and complaints, and other illegal and criminal actions in the financial industry.

**Blocking the online dissemination path of illegal agent debt organizations**

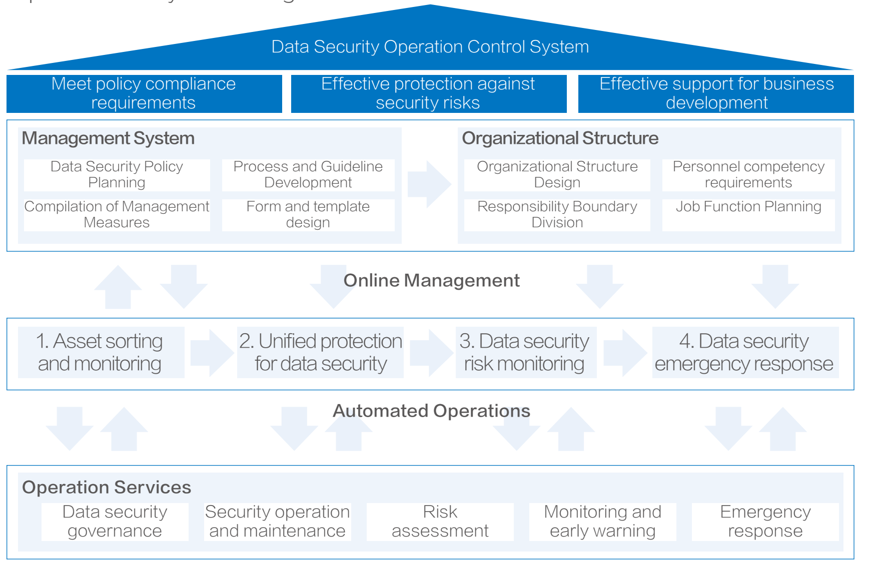
Lexin became one of the first co-sponsors of the Internet Society of China's *Self-Discipline Convention on Combating the Use of Malicious Complaints for Illegal Profits.*



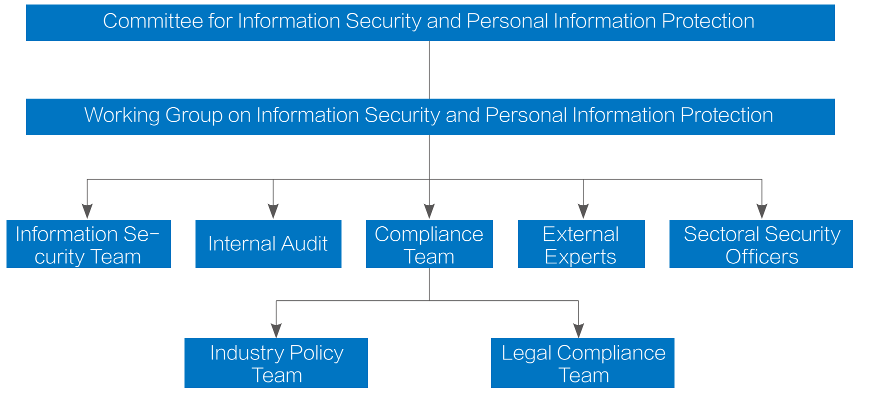
# Data Security Protection

Lexin leverages big data and artificial intelligence to help financial institutions improve the efficiency and security of loans. At the same time, we help consumers easily purchase goods through installment payments and other payment methods. It promotes consumption, accelerates the circulation of high-quality goods, improves economic efficiency, and accelerates the high-quality development of finance and the real economy.

Lexin always regards data security and compliance as our lifeline, and we strictly abide by all applicable laws and regulations such as the *Personal Information Protection Law*. The Company follows and emphasizes the principles of minimization of data usage, informed and optional users and the strongest user privacy protection and data security, and strictly limits the scope of collection of relevant information, the processing method and the retention period. Focusing on information security and privacy information management, the Company has built a complete data security chain running through the corporate organizational structure and a perfect data security management system in multiple dimensions. We also established management specifications such as *Lexin Information Security Handbook and Lexin Information Security and Personal Information Protection Strategy* to achieve a closed-loop operation "from system guidance and strategy formulation to event identification and risk disposal, and then back to optimization and improvement of system strategies".




Lexin Data Security Operation and Control System




Organizational Structure of Information Security and Personal Information Protection


Lexin has obtained ISO/IEC27001:2013 Information Security Management System Certificate, ISO/IEC27701:2019 Privacy Information Management System Certificate, App Security Certificate, Data Security Management Capability Certificate and other certifications


Fenqile shopping mall system has obtained the Classified Protection Evaluation of Information Security － Level 3

Apart from external certification and compliance testing, Lexin conducts regular self-assessments on privacy compliance regulations and security aspects. The Company provides information security training to all employees and specialized training to developers to ensure that the management system and operational mechanisms comply with current laws and regulations. This also helps to raise the bar for employees' awareness and skills in information security. In 2022, the Company achieved a 100% coverage rate for information security training for employees, and all employees passed the assessments.

During the reporting period, the Company upgraded nine core technologies to further strengthen the data security governance capabilities and provide stronger protection for data security. These upgrades included data encryption and key management, data sharing systems, data classification and grading, security risk assessment, data leakage management, database security audits, intrusion defense warning and blocking, data asset leakage monitoring, and data emergency response.

In order to address the risks of information security and privacy breaches, we have established a comprehensive risk prevention and emergency response mechanism. This includes conducting intrusion detection on networks or hosts, deploying intrusion prevention systems, conducting full scans on core business monthly, and holding third-party penetration testing annually. We strive to minimize the likelihood of related incidents and adopt a zero-tolerance attitude towards any violations. During the reporting period, the Company promptly discovered and repaired 383 information security vulnerabilities. The number of employees affected by these vulnerabilities was 40. No incidents of customer privacy data breaches occurred, and there were no confirmed complaints involving violations of customer privacy or loss of customer data.



Internally, Lexin has developed a comprehensive protection and governance system that covers the entire data lifecycle. The Company continuously enhance the capabilities in information security and privacy information management. Externally, we are committed to sharing our experience with the industry. Currently, the Company has been approved as a member of the "Personal Information Protection Compliance Audit Promotion Group" by the China Academy of Information and Communications Technology. Additionally, we have participated in the compilation of the *Data Security Management System Blue Book*, led by the same academy. The industry has widely recognized our information security capabilities. In response to the security risks associated with data during internal and external circulation, Lexin has also released the industry's first *Cooperative Partner and Personnel Data Security Management Measures*. This measure standardizes the security review, control, and assessment of cooperative partners.

**Case Study** | **Strengthening Platform Responsibility, Safeguarding User Privacy and Security**

When it comes to managing privacy information, Lexin prioritizes compliance with privacy protection regulations for our own applications. Additionally, we place great emphasis on identifying and addressing potential privacy compliance risks that may arise from integrating third-party SDKs.
To cater to diverse business scenarios, current apps have integrated services from numerous third-party SDK vendors. However, some of these apps may collect excessive personal data, which is a privacy concern. To tackle this issue, the Company has developed the Lejian APP Privacy Security Control Platform. This platform employs automatic reverse engineering, instruction injection technologies, etc., to accurately identify privacy permission calls and data collection risks associated with third-party SDKs during app operation.
Lexin achieves a static detection time of 90 seconds per application for privacy compliance risks and a dynamic monitoring time of 300 seconds per application through the Lejian. This greatly improves efficiency compared to the old model that is required by manual detection of each app. In 2022, the Lejian APP Privacy Security Control Platform was awarded the "Innovation Award" in the first Super CSO Annual Selection.

## Standard Service

Leixin takes a responsible attitude towards continuously improving the compliance of marketing, promotion, and content management. The Compliance Manual regulates compliance in advertising orientation, prohibition of absolute language usage, and ensures compliance in the use of elements, among other aspects. Furthermore, to ensure that consumers have a comprehensive and complete understanding of the operation process, fee standards, information disclosure, risk warnings, and other information related to purchased products. Moreover, the Company has implemented AI dual recording technology and fully applied it to offline inclusive finance business.

When users apply for a loan through the Lexin App, they will watch a "video and audio recording" section that provides comprehensive information, including customer details, loan amount, monthly repayment fees, and loan term. Customers must confirm this information through video and text before completing the signing process. Within 24 hours of the transaction, Lexin will send a satisfaction survey to customers, achieving closed-loop management of pre-transaction recording and post-transaction follow-up. This technology not only enhances the user experience but also protects the rights of financial consumers to be informed and make independent choices, preventing financial disputes and misleading sales.

# Product Responsibility:

## Financial Assistance to Drive Solid Growth

We are a Chinese data technology service provider dedicated to enhancing the consumer experience. We are committed to upholding user value and leveraging technology and data-driven solutions to continually improve user identification accuracy. We firmly believe in our mission to serve our partner institutions, and this belief is the cornerstone of Lexin's progress. With a focus on consumer scenarios and a high-quality customer base, coupled with our four core capabilities in user operations, risk management, capital management, and data and technology, we have developed a cyclical strategy. This strategy not only helps financial institutions improve loan efficiency and security but also fosters better user credit awareness. By accelerating the circulation of high-quality goods and driving the rapid recovery of the consumer market, we aim to make financing more accessible for young consumers.

# Risk Control to Enhance Development Resilience

The rise of Internet finance has played a pivotal role in promoting online financial services such as online payments and microcredit, driving financial inclusion, and further enhancing the overall efficiency of the financial system. As an emerging operational model in the financial sector, Internet finance also confronts the risks inherent in traditional finance and the unique challenges associated with developing nascent industries. Striking a balance between business growth and risk management is essential and urgent for the Company's sustainable development.

Lexin adheres to the dual-driving force of data and risk in pursuit of high-quality growth. To establish a solid foundation for risk management, Lexin has established a Risk Strategy Line and a Risk Control Center, with the Company's technology department providing the fundamental technical support for developing the risk management system. Regarding risk management strategies, end-to-end risk management is a strategy that Lexin consistently follows. It is complemented by financial technology methods to achieve the intelligence and automation of the risk management system.

**Pre-Loan Risk Identification**

Marketing Registration / Application / Credit Approval

- User channel management
- Internal and external data integration application
- Real name authentication
- Anti-fraud modeling application
- Credit limit/pricing

**In-Loan Risk Monitoring**

Identity Verification / Transaction / Payment

- Borrower Information Update
- Repayment ability prediction
- Overdue rate prediction
- Intelligent adjustment
- Transaction fraud modeling

**Post-Loan Risk Alert**

Repayment

- Repayment Reminder
- Intelligent voice quality control

Key Stages of End-to-End Risk Management

| "Hawkeye Mihawk" Risk Control Engine System |
| --- |
| Deploying more than 60,000 core risk control rules, it can undertake 500,000+ decision-making tasks per minute, with transaction scenarios taking as little as 1.2 milliseconds |

| "Qi Dian" automated risk attribution system |
| --- |
| Significantly improve risk treatment effectiveness by more than ten times |

| "Sha Qiu" automated risk identification system |
| --- |
| Supports any number of models, multiple variable inputs, automatic dimensional filtering and categorization |

| Comprehensive Intelligent Risk Management System |
| --- |
| Whale Shark Customer Acquisition System, Odin Post-Loan Management SaaS Platform |

Standout Intelligent Risk Control System



The optimization of our models significantly improved Lexin's risk identification accuracy. On the new customer front, in the fourth quarter of 2022, we saw an 18.2% sequential increase in the number of high-quality credit users and a 16.7% sequential increase in new customer order volume. On the existing customer front, in the fourth quarter of 2022, the GMV of high-risk users decreased by 13% compared to the previous year, while the proportion of GMV contributed by high-quality users increased from 72% in the fourth quarter of 2021 to 82% in the fourth quarter of 2022.

**Case Study** Building a Culture of Risk Control and Compliance

We aim to cultivate a Lexin risk management culture that fosters cohesion and conveys corporate influence, encourages employees to conscientiously adhere to risk management standards, and fortifies the Company's risk defenses from the top down.

In February 2022, Lexin launched the overall design and planning of the risk-driven empowerment certification and took three months to complete the five major modules of course structure design, course development, course landing, introductory certification test question development review and landing, and general knowledge online course development and review. As of the end of the reporting period, the Company has completed:

Conducted 2 four-hour introductory courses, benefiting 180 participants, with a course satisfaction rating of **4.8/5**.

Developed 5 sets of test questions to facilitate the certification process for **180** individuals.

Successfully completed the development and audit of **6** online courses.

# Innovation, Advancing Financial Technology

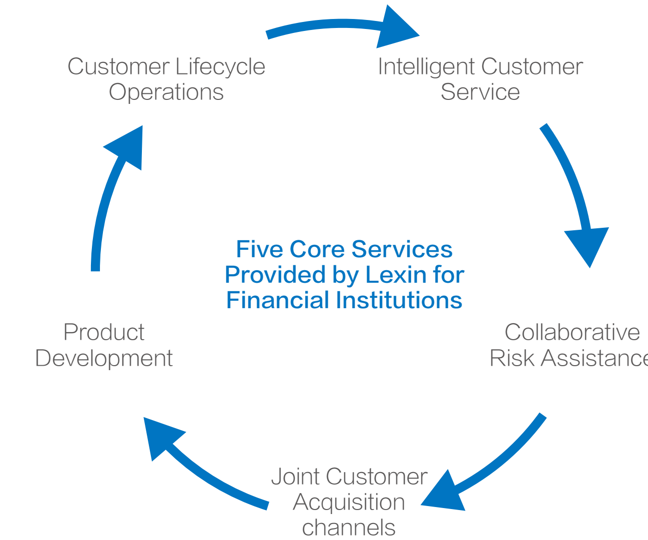
Financial technology innovation has consistently been the cornerstone of Lexin's high-quality development. The Company's long-standing commitment to technology research and development has maintained a leading position in the industry. Lexin has pioneered the comprehensive use of AI throughout the financial technology spectrum, driving enhanced output capabilities within the financial technology sector. As of the end of the reporting period, Lexin's research and development investment amounted to 583 million RMB.

Internally, the fintech capability driven by both risk and data is driving the continuous improvement of Lexin's refined operation capability. At the data-driven level, Lexin digs deep into the data lineage, breaks through the data connection, and builds a link between the underlying data and the macro business model. Based on the bloodline of the underlying data, Lexin has launched operating systems such as the simulation and prediction system, the change attribution system, and the AB Test platform. Among them, the simulation and prediction system can not only detect short-term variations in seconds and respond to urgent problems in 15 minutes, but also discover and respond to long-term potential problems in a timely manner. It can also realize 80% of variations automatically analyzed by the system, and 20% of problems manually solved by the system.


The Lexin 2023 Partner Conference demonstrated LexinGPT, which was launched based on data bloodline. Through the pre-training of financial exclusive data and the fine-tuning of Lexin's business data, LexinGPT is currently used in the telemarketing AI dialog scene, and the credit conversion rate has been increased by more than 50% relative to the outsourcing technology, gradually approaching the artificial efficiency. LexinGPT will be used in more fintech scenarios in the future

Externally, Lexin empowers financial institutions to accelerate digital transformation and improve the efficiency and coverage of financial services. The Company's financial digital business provides financial institutions with five core services: Product development, joint customer acquisition channels, collaborative risk assistance, customer lifecycle operations, and intelligent customer service, with services covering the complete cycle of program design, delivery, implementation, and on-line process, helping cooperative parties to realize business breakthroughs quickly.






Lexin continuously fosters new consumption patterns through technological innovation, establishing competitive advantages in prospecting potential customer bases and expanding consumption scenarios. These development complements financial institutions' consumer finance operations, jointly propelling consumer finance's growth towards higher levels of quality and excellence. Throughout this process, intellectual property rights directly reflect the Company's innovative achievements and function as legal tools to incentivize and safeguard innovation.

We deeply understand the close relationship between intellectual property and fintech innovation. We have established an intellectual property management system and related management objectives, focusing on "establishing rights, defending rights, utilizing rights". This is aimed at strengthening intellectual property protection and enhancing awareness of intellectual property protection among all staff members. In April 2023, Lexin received certification for the national intellectual property management system.

| Establishing Rights | Defending Rights | Utilizing Rights |
|---|---|---|
| Classified and tiered management of intellectual property, rational alignment of applicants and protection strategies, enhancing the quality and effectiveness of intellectual property protection. | Establishing an intellectual property rights protection and infringement risk response mechanism to maintain the validity of registrations and mitigate infringement risks. | Conducting intellectual property operations to enhance project value. |

| | | |
|---|---|---|
| Software Copyright (Cases) | Obtained within the Year | 7 |
| | Cumulative Validity | 209 |
| | Application in Progress | 0 |
| Trademark (Cases) | Obtained within the Year | 37 |
| | Cumulative Validity | 450 |
| | Application in Progress | 24 |

Update on Lexin's Intellectual Property

Standards for software copyright statistics:

- Obtained within the Year: Statistics based on certificates received as of December 31, 2022.
- Cumulative Validity: Statistics based on certificates that remained valid as of December 31, 2022.
- Application in Progress: Statistics based on submissions made to the Copyright Center as of December 31, 2022.

# Inclusive Responsibility:

## Transmitting Financial Warmth

When looking back the global development of inclusive finance, we can see that some countries have attempts, but often struggle to balance protecting their domestic industries and attracting foreign investment. In contrast, China views Inclusive Finance as a long-term financial service infrastructure project. The government prioritizes overall coordination and innovation-driven development, effectively leverages the advantages of inclusive finance and promotes services in areas such as improving people's livelihoods and rural revitalization, to enhance the coverage, accessibility, and satisfaction of financial services.

As digital inclusive finance gradually becomes the mainstream of inclusive finance development, it plays an irreplaceable role in promoting the development of small and micro enterprises and expanding employment for financial institutions. This allows more people who were previously excluded from traditional financial services to enjoy the same fair and efficient financial services. The Company is committed to eliminating opportunity inequality by balancing efficiency and risk. We leverage digital inclusive financial tools to identify risks in small and micro credit and operational risks, achieve efficient credit granting, improve service experience, and enhance financial accessibility. We focus on addressing urgent difficulties and problems and help market entities overcome obstacles and develop. We focus on key groups and contribute to improve the efficiency of financial services in people's livelihood areas. We also focus on agriculture, rural areas and farmers, consolidate poverty alleviation achievements and promote rural revitalization in rural areas.

Lexin has established an offline service team covering more than 300 cities nationwide, with over 2,500 personnel. Leveraging the core advantage of being close to users, Lexin's offline service team reaches out to third- and fourth-tier cities, small county towns, and even rural areas, fully tapping into the potential of small and micro enterprises and individual users with good credit and unmet needs that are often overlooked by mainstream financial institutions. To reach target customers more promptly and effectively, the Company has set up dedicated product managers who conduct quarterly research to collect market conditions, industry information, and user feedback, forming improvement plans for products and services. During the service process, a satisfaction survey questionnaire will also be sent to each order within 24 hours, inviting users to provide suggestions on products and services. As of August 2023, the average monthly number of customer complaints has decreased by over 50% compared to 2022.

Micro and small enterprises play a crucial role in the national economy, and small shops are vital sources of capillaries and employment opportunities in urban economies, carrying the lifeblood of urban economies. These enterprises are characterized by regional distribution, decentralization, diverse demands, small asset sizes, meager profits, and poor risk resistance. In 2022, the Company launched the Small Shop Fireworks Program under Fenqile and Lexin Inclusive Finance, providing four distinctive services: high credit limits, fast approval, excellent service, and cost savings. This program aims to help more micro and small enterprises and individual businesses recover and regain their vitality. Since the program's launch one year ago (data collected from June 2022 to May 2023), we have facilitated a total loan amount of 21.3 billion RMB, with micro and small enterprises (including individual businesses) accounting for 60%.

**High credit limits**

After business information is verified, the credit limit can be increased to a maximum of 200,000 RMB.

**Fast approval**

We upgrade AI intelligent customer service, proactively identify users with special needs, and provide priority processing and support services.

**Excellent service**

Lexin has over 2,000 offline staff providing one-on-one advisory services, offering guidance throughout the process and coordinating to solve problems.

**Cost savings**

We Issue special interest-free vouchers to key cities to help merchants overcome difficulties.

Lexin Small Shop Fireworks Program Provides Users with 4 Major Services



In 2022, the Company launched special operations targeting over a million small and micro business owners. We optimized exclusive solutions in credit limit increase, products, and pricing to fully support the development of small and micro business owners. The new program offers tailor-made higher limit plans, with the limit increasing by over 80% compared to regular credit limit increases. The one-click application feature greatly simplifies the process, with efficiency increasing by over 2 times compared to regular processes. Small and micro business owners can also enjoy special discounted pricing, which is 1.23% lower than other users.

### Case Study: Launching the "Spring Rain Consumption Recovery Action"

In February 2023, Lexin launched the Spring Rain Consumption Recovery Action to further unleash consumption potential and support the recovery of small and micro enterprises. Leveraging the business ecosystem advantages in Fenqile Mall, Lexin Pay, and Lexin Inclusion Finance, we collaborated with brand merchants and financial institutions to promote consumer spending, merchant growth, and the recovery of small and micro enterprises through nine measures. The initiative aims to stimulate consumption recovery and support the development of the real economy.

**Promoting consumer consumption:** Jointly provide shopping discounts with merchants, expecting to drive nearly 10 billion RMB in consumption.

**Promoting merchant growth:** Share high-quality and high-potential customer groups, and organize brand special events.

**Promoting the recovery of small and micro enterprises:** Provide working capital for small and micro enterprises, with an expected increase in the special quota to reach billions.

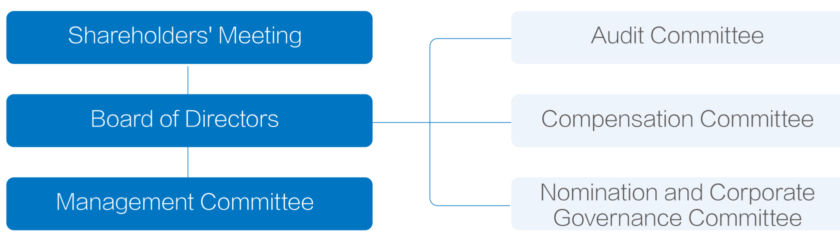
# Governance Responsibility:

## Optimizing and Stabilizing the Company Development

Lexin always regards integrity and compliance as the key principles of corporate operation, integrating compliance concepts, systems, and processes into the Company's business and management. We strive to ensure that the bottom line of compliance is implemented in the daily work of every employee.

## Improvement of Corporate Governance

Lexin is committed to building a healthy and sound corporate governance system. The Company has established a standardized corporate governance structure and scientific rules of procedure in accordance with the laws and regulations of our place of registration and listing. We also have formulated various rules and systems that meet the Company's development requirements, clarified the responsibilities and authorities in decision-making, execution, and supervision, and formed a scientific and effective division of responsibilities and checks and balances mechanism. The Company implements a three-tier management structure consisting of the Shareholders' Meeting, Board of Directors, and Management Committee. The Shareholders' Meeting and the Board of Directors exercise decision-making power, executive power, and supervisory power respectively according to their responsibilities. The Board of Directors is responsible to the Shareholders' Meeting and has three professional committees: the Audit Committee, the Compensation Committee, and the Nomination and Corporate Governance Committee. The Board of Directors is composed of members with diverse leadership, promoting the establishment of a sound internal management and control system, continuously promoting the standardized operation of the Company, and enhancing the level of corporate governance.




Corporate Governance Structure

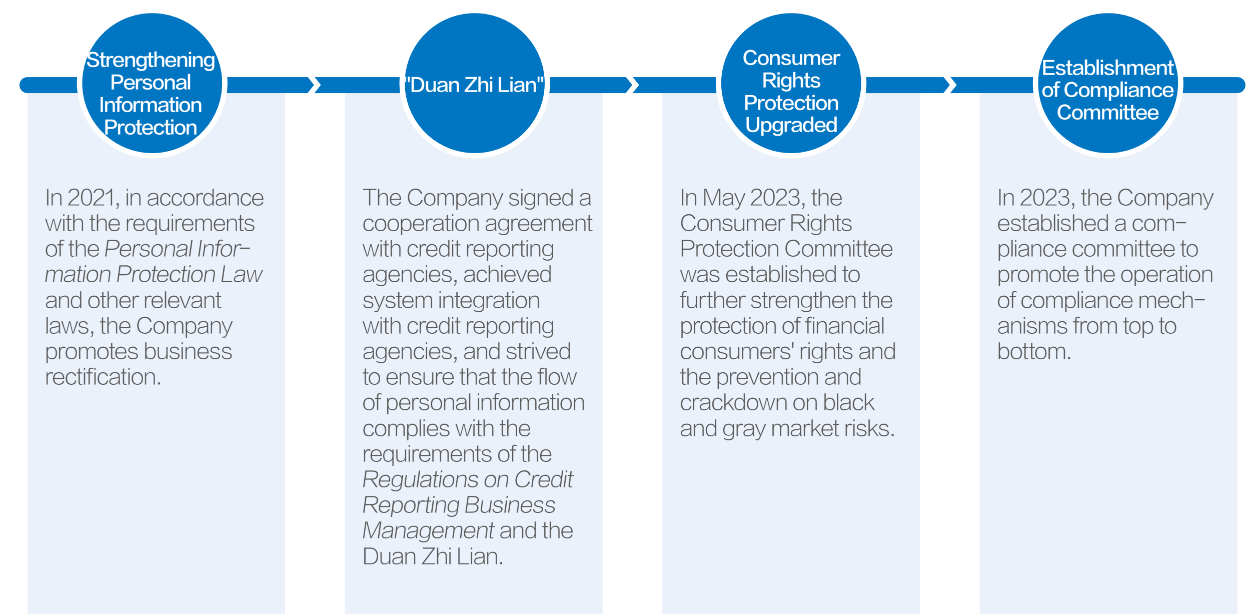
## Compliance and Business Ethics

Lexin strictly complies with all applicable laws and regulations, operates with honesty, and upholds business ethics. At the management level, the Board of Directors appoints a compliance officer to be responsible for the Company's daily compliance management and ensure the compliant operation and steady development. At the institutional level, the Company has formulated a series of policies such as *the Code of Conduct for Business Behavior and Ethics* to regulate the behavior of employees and other relevant parties from the source. In 2022, the Company did not discover any violations such as bribery, conflicts of interest, or insider trading.

| Compliance and Business Ethics Matters | Company Systems and Management Standards | |
|---|---|---|
| Anti-commercial Bribery | *Guidelines for the Disposal of Gifts Received by Employees*<br>Suppliers: *Anti-Bribery Commitment* | Implement anti-commercial bribery requirements for employees and suppliers, and clearly oppose any form of bribery |
| Preventing Related Party Transactions | *Related Party Transaction Policy and Procedures* | Prevent favoritism and fraud in related-party transactions, and avoid such acts from misappropriating the Company's assets and harming the legitimate rights and interests of minority shareholders or creditors |
| Antitrust and Anti-Unfair Competition | *Anti-monopoly and Anti-unfair Competition Compliance Management System* | Create a fair competitive market environment and safeguard the legitimate rights and interests of operators and consumers. |
| Management of Business Secrets | *Measures for the Administration of Trade Secret Security* | Establish and improve the management system for trade secrets, and prevent and control the compliance and risk of trade secret leakage. |
| Anti-Money Laundering | *Anti-Money Laundering and Counter-Terrorist Financing Management System* | Strengthen anti-money laundering and counter-terrorism financing compliance management, prevent money laundering and related illegal criminal activities. |



| Compliance and Business Ethics Matters | Company Systems and Management Standards | |
|---|---|---|
| Preventing Insider Trading | *Policy Statement on the Management of Material Nonpublic Information and Prevention of Insider Trading* | Establish effective internal mechanisms to educate and manage employees' behavior, including but not limited to requiring a certain period of time ("window period") after the release of significant undisclosed information before trading the Company's stocks/ADS. Employees should fulfill their confidentiality obligations during non-window periods to avoid disclosing the Company's unpublished financial performance, performance expectations, and other significant undisclosed information |
| Anti-Corruption | *Accountability Management Measures* | Clarify the "Lexin High Voltage Line" including fabricating, leaking confidential information, conflicts of interest, abusing power for personal gain, violating laws and regulations, cracking down on and preventing fraud and other illegal and disciplinary acts |




Significant Compliance Development of Lexin

We treat fraud with a zero-tolerance attitude and regard anti-fraud as an important part of the Company culture and values. We have established a highly independent integrity supervision team that reports directly to the president and CEO. In 2022, the integrity supervision team conducted external supplier promotions and supplier compliance investigations while efficiently completing reporting investigations and dealing with fraudsters. At the same time, we internally established and improved internal control and audit mechanisms, and conducted Employee Integrity Survey to all employees so as to effectively prevent the occurrence of fraudulent behaviors.

The Company has formulated the *Reporting and Investigation Management Measures* and established a transparent reporting channel to discover and deal with any illegal, disciplinary, or irregular behaviors of employees in business activities or operational management.

**Lexin Public Reporting Channel**

Report Email: Jubao@lexin.com

Report Hotline: +86-755-32983388 (Message Phone)

Report Letter Receiving Address: 18th Floor, China Energy Storage Building, No. 3099 Keyuan South Road, Yuehai Street, Nanshan District, Shenzhen

The Company has established a whistleblower reward mechanism to encourage all employees, suppliers or business partners to report relevant behaviors to the Company through any channel. We accept anonymous reports and build a confidentiality mechanism to protect the whistleblower's information from being leaked. We also encourage real-name reports to better verify relevant behaviors.

Sunshine, integrity, and honesty are the basic requirements of Lexin for the employees. The Company places significant emphasis on the construction of employees' integrity awareness. In 2022, we utilized a variety of methods including graphic and text promotions, case studies, offline activities, online courses, company system exams, and on-site trainings, to enhance the integrity awareness of all employees.

**Company system exams**

- Conduct institutional examinations on topics related to business content and internal auditing, legal compliance and ethical codes of conduct, data compliance and information security
- About 5,000 employees participated

**Graphic and Textual Promotion**

- Distribute promotional materials to all staff, including "International Anti-Corruption Day", "Guidelines for Avoiding Conflicts of Interest", and "Reminder on Accepting Gifts"
- Post themed posters in the office
- The online promotional materials have been viewed by over 6,000 people

**Employee Integrity Survey**

- Completed the first integrity survey of Lexin employees and received feedback from 239 people
- Develop annual integrity education advocacy strategy based on research results



# Party Building Leading

In December 2019, Lexin established a Party branch committee with six Party branches. The Company actively fulfills the political leading role of the Party organization and the exemplary role of Party members by integrating Party building work into various aspects of company operations and development. We have developed a three-in-one Internet Party building work model that combines "Party Building + Public Welfare + Rural Revitalization". This model continuously gathers the wisdom of the youth in the practice of new forms of Party building, and yields fruitful results for the times.

Relying on professional advantages, we actively explore new models of Internet-based party building and cultivate online party building brands. Internally, we have developed the "Lexin Smart Party Building" mini program to achieve intelligent management of party members by integrating party member organization management activities with the Internet. Externally, we have also developed the "Learn Party History and Painting" party building mini game, which allows party members and the masses in Nanshan District, Shenzhen to learn about party history anytime and anywhere through gaming. It unlocks regional development at people's fingertips.

**Enriching party building activities**

Holding the theme party day activity

Holding the theme party day activity

**Delivering the power of public welfare**

Lexin Party General Branch Committee donates funds for flood relief to China Financial Education Development Foundation

Party-enterprise cooperation leads the way, demonstrating the importance of financial security for residents - financial knowledge enters the community public welfare activities

**Service Rural Revitalization**


Party building activity of "Revitalizing rural areas on the centenary of the founding of the party - visiting Suyang Village in Heyuan

Visiting the assisted village and donating to the impoverished households

# Employee Responsibility:

## Resonating in Harmony, Safeguarding the Journey of Dreams

We grow together with our employees, resonate in the same frequency, and accomplish each other on the road of chasing dreams. Every employee is the most valuable asset and core competitiveness of Lexin, bringing Lexin constant vitality and passion. We adhere to the responsibility for employees, create a diversified and equal workplace environment, and provide employees with scientific and ideal training programs and promotion strategies to develop their talents.

In 2023, Lexin updated the corporate culture with twelve values to foster employee belonging and ignite a sense of purpose.

Risk is a source of profit and a lifeline

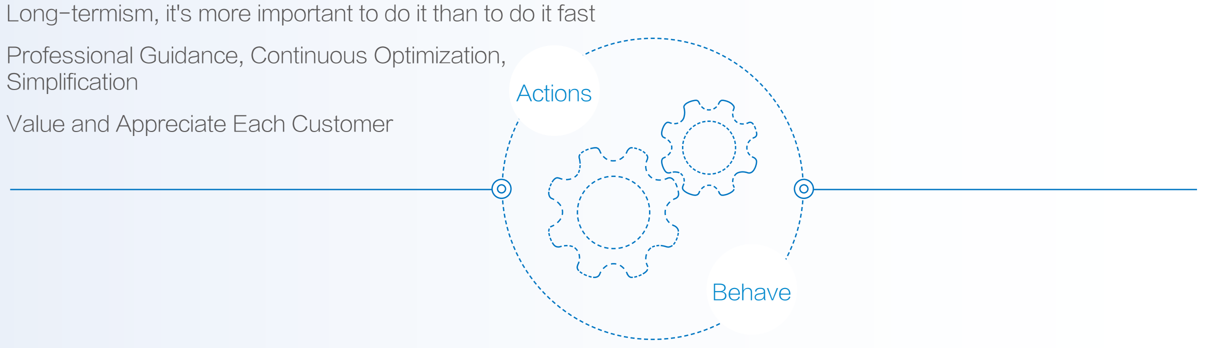
Technology and Innovation are the Primary Productivity

Deep Thinking, Speaking with Data

Long-termism, it's more important to do it than to do it fast

Professional Guidance, Continuous Optimization, Simplification

Value and Appreciate Each Customer




Ownership Mindset

Proactive Learning, Avoiding Narrow-Mindedness

Enjoy your work and be a better self every day

Speak truthfully, be honest,, and listen

Unity in Purpose, Sustain the Victories

Actively Fulfilling Social Responsibility

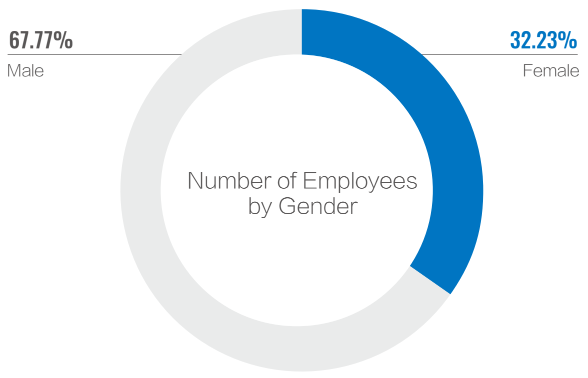
# Protection of Employee's Rights and Interests

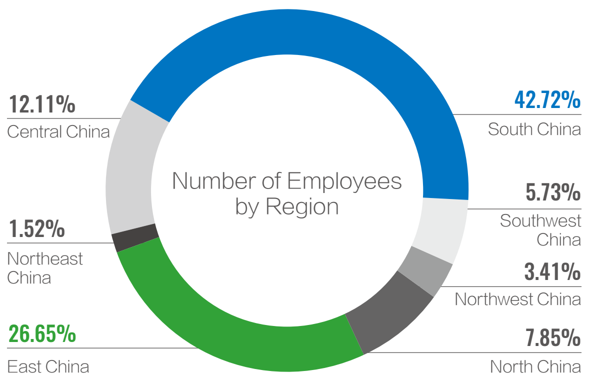
Lexin respects and safeguards each employee's lawful rights and interests, wholeheartedly accompanying their growth. We strictly adhere to relevant laws and regulations, such as the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China. We have established internal management systems like Recruitment Management Procedure to prohibit forced labor and ensure that employees are not subjected to any form of discrimination or differential treatment based on factors like race, religious beliefs, disabilities, gender, sexual orientation, age, marital and childbearing status, trade union membership, or political affiliation. Our commitment is to guarantee the legality and compliance of employee hiring.

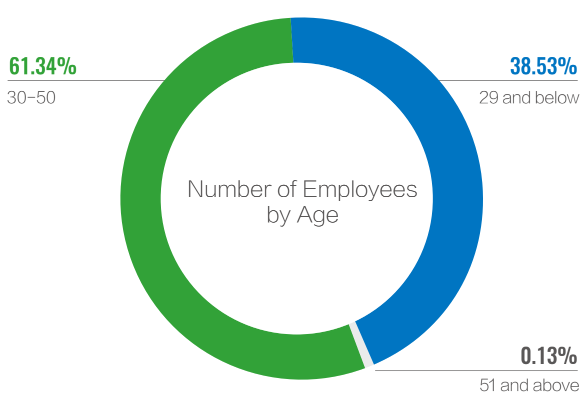
The Company understands the importance of employees' demands and opinions, and has established and maintained a variety of employee communication channels, including communication with superiors, the Human Resources department, hotlines, and emails. We encourage employees to cultivate a sense of ownership, speak truthfully, be honest, and strive to become a better version of themselves.

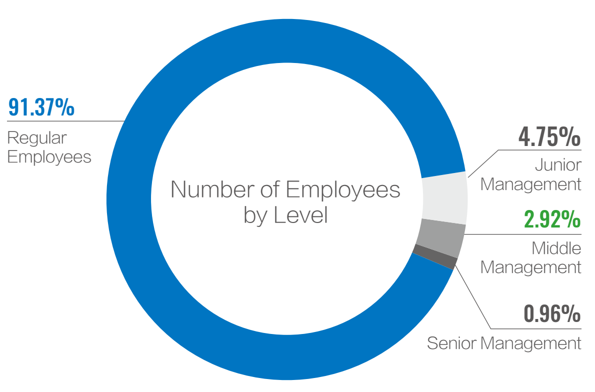
In 2022, Lexin headquarters carried out an organizational health matrix survey to evaluate organizational performance from the dimensions of organizational support and employee vitality, among which the score of "efficient response" was 79%, slightly lower than the industry average, and areas such as product quality identification, cross-departmental communication and cross-team cooperation will also become the future direction of management improvement of the Company.

As of the end of the reporting period, there were 3,872 employees in Lexin, all of whom were full-time employees, including 1,248 female employees, accounting for 32.23% of the total employees, 98 held management positions and 94 held STEM-related positions. In addition, Lexin employs 15 disabled employees and 128 ethnic minority employees.



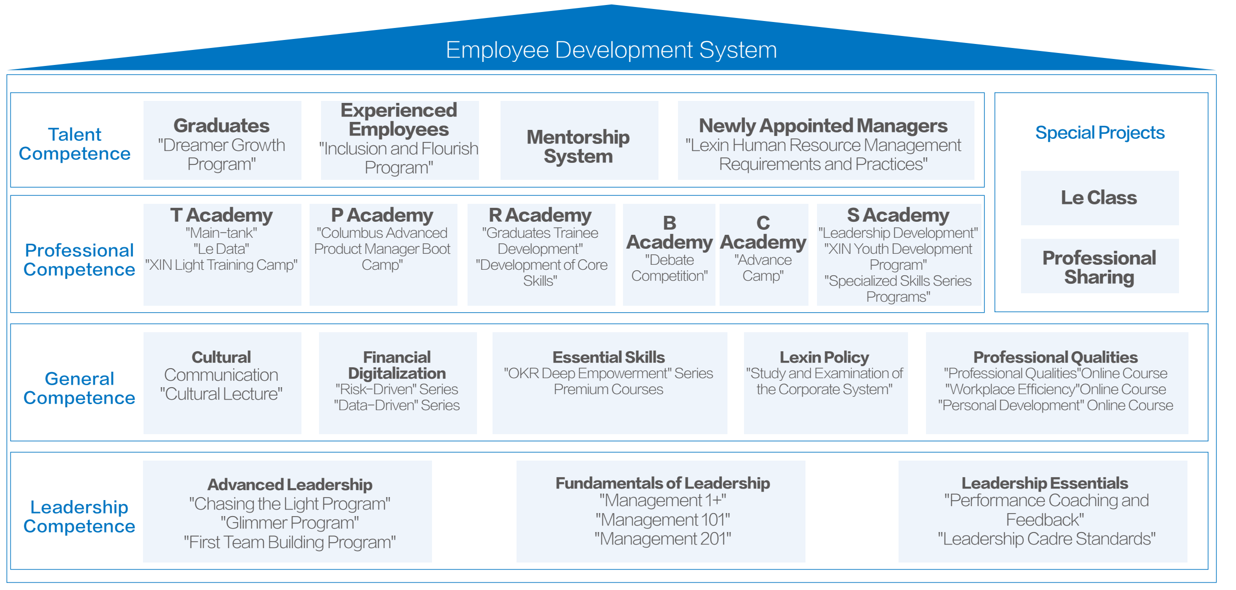





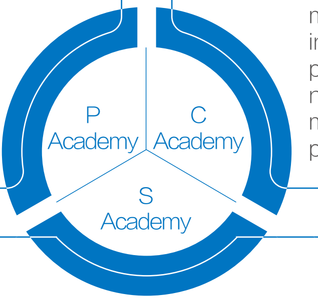

# Growing Together with Employees

To assist employees in building their professional knowledge and skills, Lexin has established a dual-channel development path with options for management and specialized tracks. Simultaneously, we have developed a comprehensive training system for employees at all levels, enhancing their abilities and professional expertise. We embrace a combination of internal training and external learning, combining online training with offline education to support employees' learning and developmental needs. In 2022, Lexin employees averaged 32 hours of training per person.




Lexin has established internal LexinFintech University, guided by Lexin's cultural values and embracing the learning philosophy of "Think Hard, Work Smart". Our commitment is to create a comprehensive learning and development system with both professional depth and breadth. LexinFintech University is structured around the Company's hierarchical system and comprises a Learning and Development Center along with multiple colleges. It offers a wide range of professional courses and coordinates Lexin's talent cultivation and development programs while also serving as a vehicle for transmitting our corporate culture. During the reporting period, LexinFintech University further elevated our employee growth, focusing on refining projects, enriching the course structure, and adopting a more business-oriented perspective.

P Academy launched its inaugural "Columbus Program", aimed at enhancing senior product managers' product capabilities and cross-product collaboration skills. It assists participants in summarizing and developing intermediate product manager professional empowerment courses.




The "Advance Camp" program at C Academy focuses on the concentrated development of high-potential talents in post-lending across various dimensions, including professional ethics, industry analysis, business skills, strategic operations, and team management, driving rapid growth in Lexin's post-lending business.

S Academy's "XIN Youth Development Program" is a campus recruitment and new talent training program for the P&C and digital business segments, with the aim of accelerating the training of reserve managers and technical backbones at all levels in the offline credit industry.

S Academy has introduced a newcomer integration program, starting from ground zero (0 to 1), to enhance the experience of new employees.

Launching Specialized Courses to Accelerate Employee Growth

**Case Study** Chasing the Light Program

The "Chasing the Light Program" is a talent development initiative tailored for Lexin's core middle-level managers. It is based on the strategic needs of Lexin, focusing closely on business and practical management issues. This program establishes a two-way communication platform between senior management and middle management, creating a shared language of "strategy × execution" to drive optimization in the strategic management process.

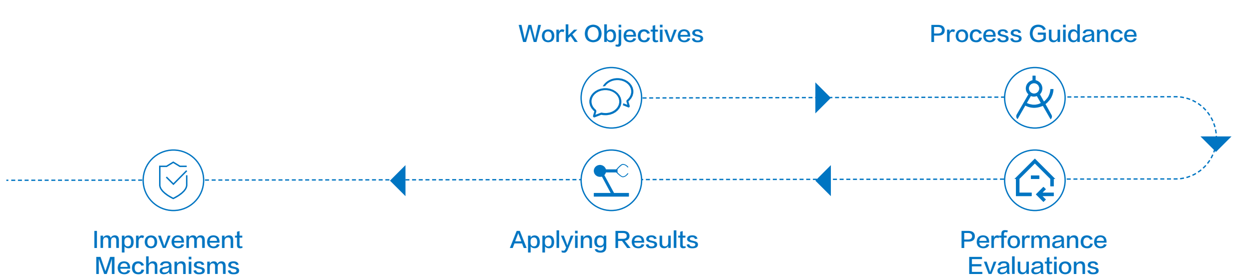
During the reporting period, the first batch of 23 middle managers from 12 departments participated in the program, with a focus on "Execution Excellence", "Leadership Excellence", "Operational Excellence", and "Collaboration Excellence". The program emphasized these four modules for in-depth learning and practical application, effectively fostering cross-departmental collaboration and facilitating the alignment of strategic and operational goals.

The program guides participants in knowledge retention and involves the creation of several management cases, and competitor analysis reports. Additionally, in 2022, the program received the prestigious "Brand Program" award from Training Magazine, the industry's most influential platform.

# Employee Development Incentives

Lexin has established a scientific and distinctive competency performance evaluation system for employees guided by fairness, neutrality, and transparency. The performance evaluation is conducted in two dimensions, performance, and cultural values, to acknowledge employees' growth promptly. Based on the specific circumstances of each department, we conduct performance evaluations for teams and individuals semi-annually, covering five crucial stages, including "setting work objectives, providing process guidance, conducting performance evaluations, applying results, and executing improvement mechanisms" to acquire a comprehensive employee performance.

For managers' individual performance review, it will be carried out from a multi-dimensional perspective of collaboration and culture through questionnaire mutual evaluation. We have simultaneous agile conversations. In the organizational goal setting, goal implementation, and evaluation, the direct supervisor will fully communicate with the employee's personal performance goals and evaluation results.




We have established and implemented a long-term incentive mechanism that provides stock options to core professionals, middle-level managers, and senior executives based on their performance contributions and contributions to critical projects, including ESG projects, recognizing their outstanding contributions. Our long-term incentives for employees are on average paid longer than 3 years.

# Diverse Employee Benefits

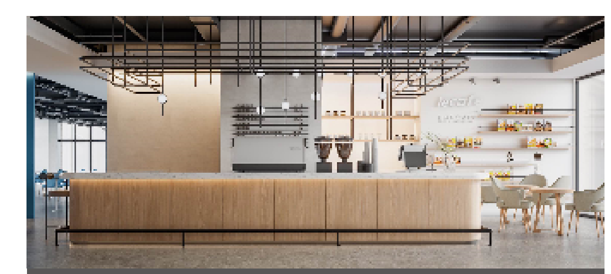
Lexin listens attentively to the employees. We aim to offer extensive care to our employees, covering aspects from clothes, food, housing, and transportation to personal interests and hobbies, ensuring that each employee can enjoy customized benefits at Lexin.

| | | | | |
|---|---|---|---|---|
| Healthcare | Annual Medical Examination | Commercial Insurance | Critical Illness Greenpass | EAP Le Heart Hotline |
| | Company Gym | Online Doctor | Health Hub | Home Therapy/ Consultation |
| Life Care | Welfare Meals | Overtime Taxi Platform | Online Travel Platform | Cultural And Athletic Association |
| | Hotel DISCOUNTS | Cross-industry Benefits | Regional Welfare Pack | Café And Nursing Room |
| Events | Festival Gifts | Company Anniversary Celebration/Annual Event | Career Milestones | Department Monthly Team Building Allowance |
| | Annual Competition Season | Family Open Day | Holiday Activities | |
| Subsidy | Overtime Taxi Reimbursement | Business Travel Allowance | Talent Public Rental Housing | |

Lexin Employee Benefits System

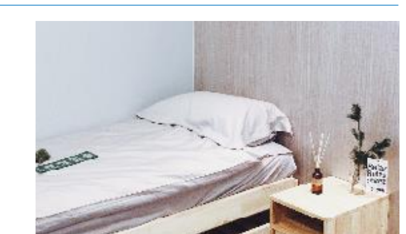
We do not encourage or promote the "996 working hours". While ensuring employees have a work-life balance, we are dedicated to creating a healthy, safe, and comfortable working environment. The Company consistently conducts employee care activities focusing on "Great Health", striving to provide employees with comprehensive health benefits, allowing them to maintain good health while enjoying their work. We also offer services such as annual health check-ups to help employees monitor their health status.


Book Club


Le Cafe


Gym


Nursing Room


Health Hub

Lexinfintech Versatile Welfare Zone

# Community Responsibility:

## Enjoy the Fruits, Arriving at a Future of Common Benefit

Embracing the social responsibility philosophy of "consumer finance with a charitable mindset", we are creating an open and inclusive cross-sector public welfare approach "Internet + Public Welfare+ X". We aim to give back to stakeholders and generate value through ethical business practices, innovative products and services, and stringent risk management.

By continuously integrating high-quality resources, we promote the healthy development of public welfare. In 2022, leveraging the foundation of the Lexin Public Welfare Foundation and combining the distinctive model of "Party Building + Public Welfare + Rural Revitalization" in Internet Party Building work, Lexin carried out a series of public welfare activities, with a total donation amounting to 23 million RMB.

2021 Award
Wealth&Society Corporate Commitment Certificate

**The Asian Banker's Wealth and Society Awards Programme 2021**

2022 Award
2021-2022 China Internet Industry Self-Regulation Contribution and Public Welfare Award

**Internet Society of China**

2022 Award
Social Organization Grade Evaluation Awarded AAA

**Shenzhen Non-Governmental Organization Federation**

2022 Award
Top Ten Caring Enterprises

**The 19th Shenzhen Project Care**

**Case Study** Centennial Celebration of the Founding of the Party

2020 was a pivotal year for the achievement of comprehensive prosperity and the resolute fight against poverty. The Lexin Party Branch Committee actively responded to the prevailing deployment of supporting Nanshan in Shenzhen. It made donations to support local targeted poverty alleviation efforts in several villages: Baizhou, Dayan, and Longhua in Wucun, Tianyang County, Baise, Guangxi Zhuang Autonomous Region, as well as Tianxi in Tianyuan Lianping Heyuan Guangdong. During the reporting period, the Lexin Party Branch Committee explored new approaches to poverty alleviation, took proactive actions, and undertook significant duties, contributing to an "acceleration" in the combat against poverty.


**Case Study** Nanshan E-family, Run Together

In August 2023, the Lexin Party Branch Committee participated in the "Nanshan E-family, Run Together" party-building public welfare event organized by the Nanshan District Committee's Propaganda Department. We also donated books and learning materials to Longsheng, Guangxi schools, supporting the educational public welfare project for Nanshan's partner schools.

# Commitment to Public Welfare

Lexin is dedicated to harnessing the power of technology to advance the greater public welfare. We continuously innovate and explore avenues to benefit the public.

## Preserve Cultural Memory

On the 25th anniversary of Hong Kong return, Lexin Public Welfare Group released digital artifacts on July 1, 2022, leveraging WEB3.0 and blockchain technologies. This initiative aims to enhance cultural exchanges among the youth in the Greater Bay Area through technological innovation and to transmit the city's history and memories through the perspective of young generations.



The inspiration for the design of these public welfare digital artifacts comes from iconic buildings in Hong Kong, including Victoria Harbour, Golden Bauhinia Square, the Tsing Ma Bridge, and the traditional trams found in various areas of Hong Kong. These landmark structures have borne witness to Hong Kong's vibrant development over 25 years and symbolize the prosperity, vitality, and dynamism of the Greater Bay Area encompassing Guangdong, Hong Kong, and Macau.

This public welfare digital artifact release consists of 8,000 copies. All proceeds will be donated to the China Youth Uniformed Groups Development Center, and Lexin will also contribute an additional donation in cash to support the youth in Hong Kong as part of a charitable fund.


## Financial Literacy

As a leading Chinese digital technology service provider in the new-consumption sector, Lexin takes the initiative to prioritize safety education. Through various approaches, we disseminate financial security knowledge to a wide range of financial consumers, helping them build awareness of their legal rights.

During the reporting period, Lexin was vigorously enhancing its efforts in financial education. Through intelligent system optimization, Lexin's app consolidated frequent questions related to consumer rights, facilitating stakeholders in locating answers independently for their convenience. Lexin also established a Consumer Rights Service Center, which, in addition to essential functions such as corporate self-regulation, customer reception, and handling consumer complaints, promoted laws, regulations, and policies related to Internet value-added services and consumer rights protection. Furthermore, Lexin uses official self-media platforms to raise awareness and educate the public about common financial rights protection issues.

**Multi-form Dissemination**

Financial Literacy
Dissemination of Laws and Policies
Rational Consumption

Internet Security Education
Rights Protection
Legal Aid

**Multi-channel Promotion**

Lexin's Official App
Consumer Rights Service Center

Official Self-Media Matrix
Media Reports

Lexin Cooperated with Zhanjiang Public Security Bureau Development Zone Branch Carried Out an Anti-fraud Education Campaign in Guangdong Ocean University


Lexin and Guangzhou Public Security Issued Anti-fraud Reminders in the Form of Videos

## Youth Education Development

In 2022, Lexin Public Welfare Foundation donated 200,000 RMB to Nanchang Hangkong University to support the basic living and learning needs of impoverished students. The Company has donated a total of 1 million RMB to the school since the beginning of our partnership.

By the end of the reporting period, Lexin Public Welfare Foundation donated a total of 3.8 million RMB to the scholarship program of the China Foundation for Development of Financial Education for impoverished students. It distributed scholarships to about 400 outstanding students from over ten colleges and universities in five provinces: Jiangxi, Qinghai, Gansu, Guangxi, and Xinjiang.

## Emergency Relief

In June 2022, a severe storm and localized torrential downpours occurred in Heyuan, Guangdong, specifically in Lianping and Heping Counties. These intense rainfall events led to a significant increase in the water levels of several rivers, causing them to overflow their banks. As a result, numerous areas in Lianping, particularly in the town of Shangping, experienced varying degrees of flooding, and many villages were severely affected.

Lexin Public Welfare Foundation and six compassionate enterprises in Nanshan, including Konka Group, State Microelectronics, Shinry and China State Construction & Engineering 4th Bureau 5th Corp Limited, under the guidance of the responsible officials from the Nanshan Bureau of Industry and Information Technology (District Partner Office), extended a helping hand and collaborated with the disaster-affected residents to face the challenges together.

### Case Study: Assisting Weihui City to Re-cultivation and Industrial Revitalization

On July 20, 2021, Henan experienced extreme rainfall, and Zhengzhou, Xinxiang, and Hebi were severely affected. Lexin Public Welfare Foundation donated 10 million RMB to aid in Henan's disaster relief and post-disaster reconstruction.

**Relief Supplies for Livelihoods**

On July 23rd, the first batch of supplies donated by Lexin Public Welfare Foundation, in collaboration with the China Charities Aid Foundation For Children, arrived in Lushan, Pingdingshan, and were promptly distributed to disaster-affected individuals in Sikeshu, Tuancheng, Yaoshan, Zhaocun, and Xiatang. The relief supplies package included rice, cooking oil, disinfectant water, toothbrushes, toothpaste, and other essential food and living necessities, ensuring stable livelihood security for the villagers.

**Rebuilding after a Disaster**

After in-depth research, the Lexin Public Welfare Foundation realized that rebuilding Fengquan Xinxiang schools was challenging. Not only were desks, chairs, multimedia equipment, computers, and books in short supply, but some schools needed help to guarantee basic infrastructure, such as the safe of school buildings, playgrounds, and fences. Lexin Public Welfare Foundation has decided to provide targeted support to the schools and do our best to ensure they can commence as soon as possible.

**Reclaiming Cultivation, Reviving Industries**

The severe rainstorm has caused serious damage to the peach trees in Yangzhuang Village, Houhe Town, Weihui City, greatly impacting the normal production and daily life of the residents.

In 2022, Lexin and the China Foundation for Rural Development launched a comprehensive post-disaster reconstruction and industrial recovery program to help cooperatives and farmers in Henan recover and develop their industries. The program will brighten farmers' hope and help local industries explore the integrated development of "upstream farming, chain construction, brand creation, and resource sharing through soil and water environment testing, input distribution, farm equipment assistance, and agricultural technology services".



## Rural Revitalization Service

Lexin is committed to leading more public welfare organizations and social forces with our strengths, supporting rural digitalization and industrial development, and helping rural residents increase their income and achieve prosperity.

### Case Study: Empowering Agriculture through Enhanced Financial Support

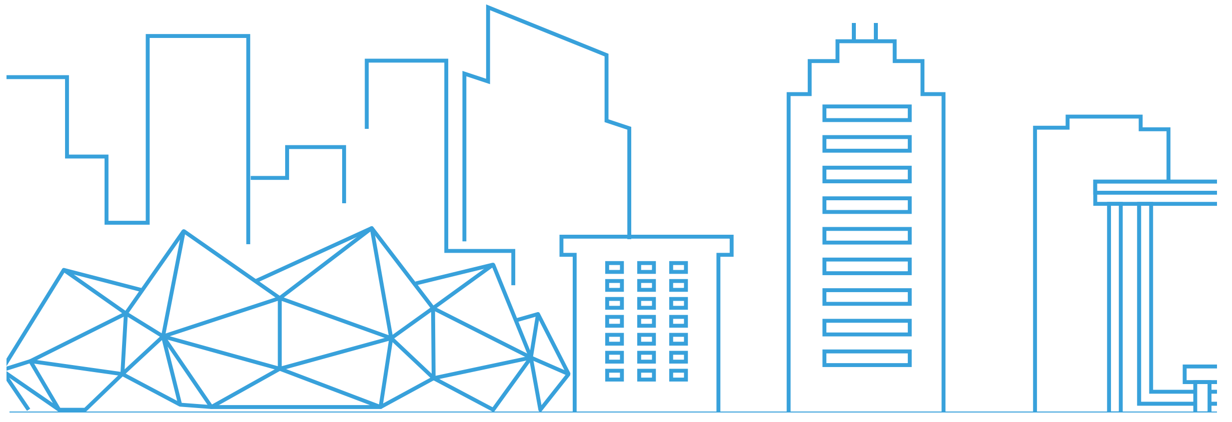
Lexin is continuously exploring innovative ways to meet the financial needs for the prosperity of rural industries and enhance people's well-being through inclusive finance. In 2022, Lexin engaged sincerely with locals, extending its reach to urban and rural business scenarios, offering inclusive financial services to individual legal entities and small and micro-enterprises. These services now cover 311 prefecture-level cities, with new users in third-, fourth-, and fifth-tier cities accounting for over 65% of the total and the lending volume surpassing 13 billion RMB.

For example, in Handan, Hebei, Lexin's inclusive offline team selected counties with high industrial concentration and diverse industrial characteristics among the 36 local county-level industrial clusters. These areas were chosen as the core target regions due to their varied range of industries and the availability of supporting industries. Lexin formulated a business development strategy of "expanding from the core outward, focusing on key breakthroughs", aimed at serving numerous township enterprises and supporting local businesses.

### Case Study: Help Yangdong Rural E-commerce Industrial Project

On June 29, 2022, during the "6 · 30" Guangdong Poverty Alleviation and Assistance Day, the Guangdong Communications Administration held an event commemorating the 101st anniversary of the founding of the Communist Party and the "Poverty Alleviation and Assistance Day". On this day, the Guangdong Communications Administration and China Telecom Corporation Limited Guangdong Branch, along with the assistance team stationed in Daba, jointly organized a fundraising campaign with nine information and communication industry enterprises from Shenzhen, Guangzhou, and Shanghai. This initiative aimed to solidify efforts for the "Prosperous Enterprises, Prosperous Villages" campaign as part of the Poverty Alleviation and Assistance Day.

Lexin Public Welfare Foundation supported the "Yangdong Rural E-commerce Industrial Project" construction in Daba, Yangdong, Yangjiang. This project is part of the twinning assistance provided by the Guangdong Communications Administration.



# Environmental Responsibility:

## Low Carbon Operations, Exploring Green Solutions

We proactively address the opportunities and challenges climate change brings, leveraging the advantages of financial technology. We consistently implement robust measures to reduce greenhouse gas emissions and promote "dual-carbon" emissions reduction. We are committed to exploring innovative ways to nurture a green and environmentally friendly ethos, deepening our green and low-carbon operational practices, and contributing to the harmonious coexistence of humanity and nature.

# Addressing Climate Change

With the introduction of the national dual-carbon target, energy conservation and efficiency enhancement have become central to corporate green transformation. Lexin has formulated Workplace Energy Consumption Control Measures and actively undertaken operational emission reduction initiatives. We continuously optimize equipment such as refrigeration and lighting, reducing external electricity consumption in our office spaces. Presently, all of Lexin's office locations have transitioned to 100% LED lighting, and we employ water-cooled central air conditioning for refrigeration. During the reporting period, Lexin, anchored in the digitalized operational strategy, achieved a 4% reduction in energy consumption costs through the timely adjustment of strategies and on-site control based on data variables.

## Case Study: Creating a Low-Carbon Office Environment

Lexin assigns security personnel to conduct regular patrols on each office floor, promptly turning off lighting, air conditioning, and personal electrical appliances in unoccupied areas. Additionally, they shut down water dispensers and public area lighting at night. During the reporting period, Lexin achieved a 6% year-on-year reduction in electricity consumption in the office areas compared to 2021.

- Control the hours of lighting and air conditioning in the centralized office area. Adjust the air conditioning cooling mode as needed based on weather conditions
- Specialized officers are assigned to regularly patrol office areas and turn off additional power-consuming appliances such as air-conditioning, lighting, and personal appliances in unoccupied areas.
- Centralization of employee workstations
- Display energy-saving labels and conduct energy-saving awareness campaigns.

## Case Study: Enhancing Sustainable Cloud Computing Capabilities

During the reporting period, Lexin continued to enhance the sustainability of the cloud computing capabilities, saving energy consumption while accommodating the growth in business traffic through the implementation of various technologies.

**Hybrid Cloud Technology**

By leveraging the elastic capabilities of the public cloud to support peak business traffic, we saved 4,200 CPU cores, resulting in an annual reduction of approximately 396 megawatt-hours in power consumption, equivalent to a decrease of approximately 230 tons in carbon emissions.

**Multi-Cloud Access Technology**

Through multi-cloud access technology, the delivery efficiency of the public cloud has been increased to twice original capacity.

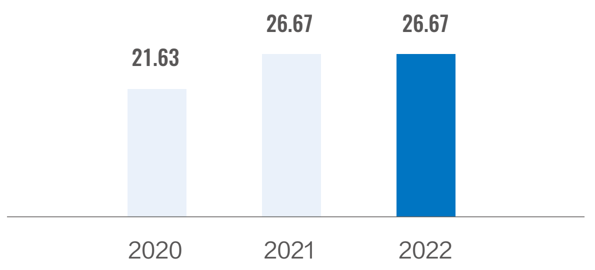
**Virtualization Platform Technology**

A virtualization platform was built and delivered in the form of virtual machines. To date, a total of 14,300 virtual machines have been delivered, representing approximately 61,000 cores of CPU resources, helping to increase the resource utilization rate by 10% and helping to reduce power consumption by approximately 148 MWh per year, which is equivalent to a reduction of 86 tons of carbon emissions.

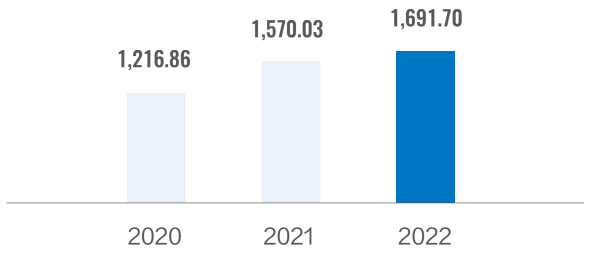


During the reporting period, we systematically reviewed the greenhouse gas emissions inventory for 2020-2022, effectively identifying the Company's primary sources of greenhouse gas emissions and effectively executing decarbonization measures.

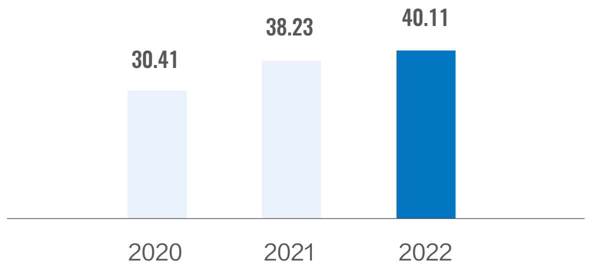
Scope I: Direct greenhouse gas emissions(tons of carbon dioxide equivalent)

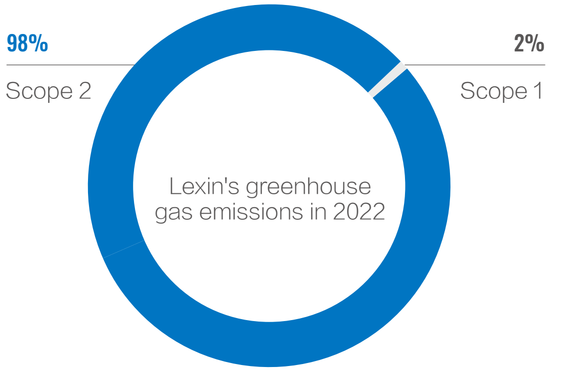



Scope II: Indirect greenhouse gas emissions(tons of carbon dioxide equivalent)




Average indirect greenhouse gas emissions per unit area (kg $CO_2$ eq/m$^2$)




Lexin's greenhouse gas emissions at the operational level primarily result from the energy consumption of seven office locations. We will adhere to an internal prioritization principle, maintaining our commitment to green operations, and implementing multiple measures to enhance Lexin's climate change response strategy gradually. We will progressively refine the development of our internal carbon emission management mechanism, establish a robust carbon emission data foundation, and ensure adequate preparation for future inclusion in carbon emission trading systems. Simultaneously, we will assess the feasibility of participating in or investing in decarbonization projects such as forestry carbon sinks and closely monitor the progress of the national carbon emission trading system. With the power of finance, we aim to contribute to the achievement of the national dual-carbon goals.

### Improving Energy Efficiency

Lexin plans to reduce fuel usage in official vehicles while continuously optimizing the electricity efficiency of our office spaces. We will thoroughly analyze electricity consumption at each stage of office operations, develop targeted energy-saving solutions and implementation plans, and boost a low-carbon attitude among employees. Lexin's new office building will also adhere to sustainable development principles, striving to achieve a Green Building Two-Star and LEED Gold certification.

### Use of Renewable Energy

Lexin plans to gradually increase the proportion of renewable energy by purchasing green electricity, green certificates, and investments in renewable energy generation facilities. This green investment will offset greenhouse gas emissions that cannot be avoided during operations, building upon efforts to enhance energy efficiency, ultimately helping Lexin achieve net zero at the operational level.。

# Implementation of Green Operations

Lexin strictly adheres to local laws and regulations in its operations, such as the *Environmental Protection Law of the People's Republic of China and the Law of the People's Republic of China on Conserving Energy.* Through initiatives like green renovation, waste management, and the promotion of eco-friendly principles, we effectively integrate sustainable concepts into our corporate operations, making concerted efforts to minimize our environmental impact.

The monthly average order volume for e-commerce was **1,373** in 2022, with **132** successful recycling orders, of which **87** % were trade-in orders.

By collaborating with logistics providers engaged in sustainable initiatives and based on publicly disclosed data from these providers as well as the status of our respective businesses, Lexin estimates an approximate reduction of **9** tons of carbon emissions.

## Launching Green E-commerce

Building upon the strengths of the Lexin e-commerce platform, we are enhancing our operational sustainability while integrating the circular economy into second-hand product trading business. This initiative aims to encourage more consumers to engage in sustainable consumption practices.

LexinFintech actively applies simplified and recyclable product packaging, develops order consolidation features to package and ship multiple items for the same user together, reducing the use of packaging materials.

LexinFintech collaborates with low-carbon emission logistics providers. During the reporting period, we added JD Logistics to our existing SF Express logistics network. This not only ensures product transportation quality but also reduces carbon emissions in the downstream transportation process.

To enhance visibility, LexinFintech has upgraded the links to recycling webpages while emphasizing service convenience and subsidy discounts, guiding consumers towards recycling and purchasing new products.

## Waste Management

In the area of waste management, Lexin actively adheres to regulations such as the *Regulations of Shenzhen Municipality on Supervision of Household Waste Sorting*. We categorize waste into "recyclable waste", "kitchen waste", "other waste", and "hazardous waste", guiding employees to dispose of them correctly, and entrusting qualified third parties for unified processing. Concerning hazardous waste, we have installed battery recycling bins at the Company's front desk and proactively remind employees of the effective recycling of discarded batteries to prevent them from being casually discarded.

## Water Resource Management

In water resource management, Lexin places significant emphasis on conserving water usage. To promote water conservation, cleaners have been assigned to each floor of the office building to monitor water usage during mealtimes, including staff dishwashing activities. Additionally, we display water conservation reminders in areas such as the pantry to help employees develop environmentally friendly working habits.

## Our Work in Green Action

Lexin engages in environmental conservation initiatives focusing on combating desertification to prevent the further expansion of deserts. In 2020, the Lexin Public Welfare Foundation collaborated with the SEE Foundation to support the desertification prevention efforts led by the battling desertification hero Wang Yinqi. We have adopted nearly 600 acres of desert land, where over 44,000 desert-willow trees are expected to be planted.

Lexin Public Welfare Foundation has launched the "Desert Guardians" product on Fenqile, where users would receive a tree seedling planted in their name after completing online tasks. To date, over 300,000 users have participated in this initiative.

# Appendix1: Key Performance Indicators

## Operational Key Performance

| Key Performance Indicators | Unit | 2022 |
|---|---|---|
| Operating Revenue | 100 million | 98.66 |
| Facilitated Loan Amount | 100 million | 2,050 |
| Number of Registered Users | 100 million people | 1.89 |
| Delinquency Rate | % | 2.5 |

## Environmental Key Performance

| Key Performance Indicators | Unit | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| **Energy Management** | | | | |
| Gasoline | Liter | 11,845 | 11,846 | 9,605 |
| Purchased Electricity | MWh | 2,966.33 | 2,702.28 | 2,094.42 |
| Direct Energy Consumption | MWh | 109.08 | 109.09 | 88.45 |
| Indirect Energy Consumption | MWh | 2,966.33 | 2,702.28 | 2,094.42 |
| Overall Energy Consumption | MWh | 3,075.41 | 2,811.37 | 2,182.87 |
| Energy Consumption Intensity | $kWh/m^2$ | 72.91 | 68.46 | 54.54 |
| **Greenhouse Gas Emissions** | | | | |
| Direct Emissions | $tCO_2e$ | 26.67 | 26.67 | 21.63 |
| Indirect Emissions | $tCO_2e$ | 1,691.70 | 1,570.03 | 1,216.86 |
| Greenhouse Gas Emission Intensity | $kg\ CO_2e/m^2$ | 40.11 | 38.23 | 30.41 |
| **Water Resource Management** | | | | |
| Municipal Water | $m^3$ | 22,768.19 | 17,422.14 | 15,455.23 |
| Bottled Water | $m^3$ | 728.81 | 560.00 | 497.47 |
| **Waste Management** | | | | |
| Office Waste | Ton | 201.51 | 183.89 | 167.47 |
| Hazardous Waste | Ton | 0.03 | 0.04 | 0.04 |

Environmental Key Performance Note:

- The data collection period for environmental data covers from January 1, 2022, to December 31, 2022. The data collection scope encompasses seven regional offices of Lexin, including the headquarters in Shenzhen, and branch offices in Beijing, Wuhan, Nanchang, Changsha, Shanghai, and Ji'an.
- The calculation of environmental data intensity involves dividing the annual data total by the corresponding year's office area, measured in square meters.
- The primary sources of greenhouse gas emissions (Scope I) come from gasoline, and greenhouse gas emissions (Scope II) come from purchased electricity. The calculation of greenhouse gas emissions is based on the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions from Industrial Enterprises and Other Industries (Trial) issued by the National Development and Reform Commission
- The direct energy is mainly gasoline, and the indirect energy is primarily purchased electricity. The calculation of energy consumption refers to the national standard of the People's Republic of China, GB/T 2589-2020 General Principles for Calculation of the Comprehensive Energy Consumption.



## Social Key Performance

| Key Performance Indicators | | Unit | 2022 |
|---|---|---|---|
| **Employee Overview** | | | |
| Total Workforce (Number of Employees) | | Person | 3,872 |
| **Employee Category** | | | |
| By Gender | Male | Person | 2,624 |
| | Female | Person | 1,248 |
| By Level | Executives Employees | Person | 37 |
| | Senior Management | Person | 113 |
| | Junior Management | Person | 184 |
| | Regular Employees | Person | 3,538 |
| By Age | 29 Years Old and Below | Person | 1,492 |
| | 30 - 50 Years Old | Person | 2,375 |
| | 51 Years Old and Above | Person | 5 |
| By Region | North China | Person | 304 |
| | East China | Person | 1,032 |
| | Northeast China | Person | 59 |
| | Central China | Person | 469 |
| | South China | Person | 1,654 |
| | Southwest China | Person | 222 |
| | Northwest China | Person | 132 |
| **Employee Diversity** | | | |
| Employees with Disabilities | | Person | 15 |
| Ethnic Minority | | Person | 128 |
| Female Employees in Management | | Person | 98 |
| Female Employees in Junior Management | | Person | 51 |
| Female Employees in Senior Management | | Person | 13 |
| Female Management-level Employees in the Revenue Generation Department | | Person | 74 |
| Female Employees in STEM-Related | | Person | 94 |
| **Employee Performance and Development Reviews** | | | |
| Percentage of Employees Receiving Regular Performance and Career Development Reviews | | % | 100 |
| **Employee Training and Development** | | | |
| Per Capita Employee Training Expenditure | | Yuan | 3,199 |
| Average Training Duration per Employee | | Hour | 32 |

| Key Performance Indicators | | Unit | 2022 |
|---|---|---|---|
| By Gender | Number of Male Employees Trained | Person | 2,992 |
| | Average Hours of Training for Male Employees | Hour | 24 |
| | Number of Female Employees Trained | Person | 973 |
| | Hours of Training for Female Employees | Hour | 8 |
| By Age | Number of Trainees Aged 29 and Below | Person | 2,843 |
| | Average Hours of Training for Employees Aged 29 and Below | Hour | 25 |
| | Number of Trainees Aged 30-50 | Person | 1,121 |
| | Average Hours of Training for Employees Aged 30-50 | Hour | 48 |
| | Number of Trainees Aged 51 and Above | Person | 1 |
| | Average Hours of Training for Employees Aged 51 and Above | Hour | 4.35 |
| By Level | Number of Regular Employees Trained | Person | 3,346 |
| | Hours of Training for Regular Employees | Hour | 25.13 |
| | Number of Junior Management Trained | Person | 411 |
| | Hours of Training for Junior Management | Hour | 37.10 |
| | Number of Senior Management Trained | Person | 174 |
| | Hours of Training for Senior Management | Hour | 60.30 |
| | Number of Executives Employees Trained | Person | 34 |
| | Hours of Training for Executives Employees | Hour | 4.35 |
| Information about LexinFintech University | | | |
| Total Hours of Lecture in 2022 | | Hour | 1,290 |
| Number of Students Covered by Lessons | | Attendances | 6,778 |
| Number of New Students Trained | | Person | 3,209 |
| Appointment of Professional Lecturers | | Person | 34 |
| Qualified Tutors | | Person | 972 |

| Key Performance Indicators | | Unit | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|
| New Employee Recruitment | | | | | | |
| Total Number of Employees | | Person | 5,777 | 5,929 | 3,055 | 5,397 |
| By Gender | Male | Person | 4,261 | 4,484 | 2,263 | 3,736 |
| | Female | Person | 1,516 | 1,445 | 792 | 1,661 |
| By Age | 29 Years Old and Below | Person | 2,580 | 2,633 | 1,614 | 3,268 |
| | 30 - 50 Years Old | Person | 3,195 | 3,294 | 1,440 | 2,127 |
| | 51 Years Old and Above | Person | 2 | 2 | 1 | 2 |
| By Level | Executives Employees | Person | 10 | 16 | 3 | 3 |
| | Senior Management | Person | 33 | 45 | 27 | 20 |
| | Junior Management | Person | 21 | 35 | 23 | 10 |
| | Regular Employees | Person | 5,713 | 5,833 | 3,002 | 5,364 |
| Average Employee Recruitment Costs | | Yuan/ Person | 14,111.44 | 11,448.40 | 8,959.88 | 5,458.66 |



| Key Performance Indicators | | Unit | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|
| Employee Turnover Rate | | | | | | |
| Total Employee Turnover Rate | | % | 58.93 | 56.74 | 46.20 | 37.71 |
| By Gender | Male | % | 43.89 | 43.44 | 34.55 | 28.65 |
| | Female | % | 15.04 | 13.30 | 11.65 | 9.06 |
| By Age | 29 Years and Below | % | 25.83 | 26.93 | 21.60 | 15.66 |
| | 30 - 50 Years | % | 33.09 | 29.80 | 24.58 | 22.03 |
| | 51 Years and Above | % | 0.02 | 0.01 | 0.02 | 0.02 |
| By Level | Executives Employees | % | 0.11 | 0.08 | 0.08 | 0.04 |
| | Senior Managers | % | 0.59 | 0.18 | 0.38 | 0.46 |
| | Junior Managers | % | 0.46 | 0.27 | 0.53 | 0.21 |
| | Regular Employee | % | 57.78 | 56.21 | 45.21 | 37.00 |
| Turnover Rate (Voluntarily Left) | | | | | | |
| Total Turnover Rate (Voluntarily Left) | | % | 50.74 | 42.91 | 34.42 | 22.76 |
| By Gender | Male | % | 38.08 | 32.10 | 25.52 | 16.31 |
| | Female | % | 12.66 | 10.81 | 8.90 | 6.45 |
| By Age | 29 Years Old and Below | % | 22.94 | 19.92 | 17.29 | 9.08 |
| | 30 - 50 Years Old | % | 27.79 | 22.98 | 17.13 | 13.66 |
| | 51 Years Old and Above | % | 0.01 | 0.01 | 0.00 | 0.02 |
| By Level | Executives Employees | % | 0.03 | 0.06 | 0.05 | 0.04 |
| | Senior Management | % | 0.09 | 0.16 | 0.25 | 0.33 |
| | Junior Management | % | 0.07 | 0.26 | 0.48 | 0.17 |
| | Regular Employees | % | 50.55 | 42.43 | 33.64 | 22.22 |
| Occupational Health and Safety | | | | | | |
| Fatalities due to Work-related Incidents | | Person | 0 | 0 | 0 | 0 |
| Total Employee Absenteeism Days | | Day | 16,757 | 12,424 | 12,362 | 10,391.5 |
| Number of Employee Work-related Injury Incidents | | Case | 8 | 2 | 3 | 1 |

Social Key Performance Note:

- Female management-level employees in revenue-generating departments: Excludes support departments such as HR, IT, legal, and administration.
- Total Employee Turnover Rate: Includes involuntary departures, such as voluntary and corporate downsizing.
- Voluntary Employee Turnover Rate: Includes voluntary employee departures, such as resignations, retirements, and early retirements.
- Total Employee Absence Days: Includes the number of days lost due to work-related injuries, personal sick leave for minor illnesses such as colds and fevers, and personal leave for unknown reasons.

# Appendix 2: GRI Index

| Statement of use | Lexin has reported the information cited in this GRI content index for the period January 1, 2022, to December 31, 2022 with reference to the GRI Standards. |
| --- | --- |
| GRI 1 used | GRI 1: Foundation 2021 |

| GRI Standard | Disclosure | Chapter Index | Location |
| --- | --- | --- | --- |
| GRI 2: General Disclosures 2021 | | | |
| The organization and its reporting practices | | | |
| 2-1 | Organizational details | Company Overview | P5 |
| 2-2 | Entities included in the organization's sustainability reporting | About the Report | P2 |
| 2-3 | Reporting period, frequency and contact point | About the Report | P2 |
| 2-4 | Restatements of information | Environmental Key Performance | P53 |
| Activities and workers | | | |
| 2-6 | Activities, value chain and other business relationships | Company Overview | P5 |
| 2-7 | Employees | Protection of Employee's Rights and Interests<br>Social Key Performance | P37<br>P54-56 |
| Governance | | | |
| 2-9 | Governance structure and composition | Improvement of Corporate Governance | P31 |
| 2-10 | Nomination and selection of the highest governance body | Improvement of Corporate Governance | P31 |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | Improvement of Corporate Governance | P31 |
| 2-13 | Delegation of responsibility for managing impacts | Improvement of Corporate Governance | P31 |
| 2-14 | Role of the highest governance body in sustainability reporting | ESG Management | P7 |
| 2-16 | Communication of critical concerns | ESG Management | P9-10 |
| Strategy, policies and practices | | | |
| 2-22 | Statement on sustainable development strategy | ESG Management | P7-8 |
| 2-25 | Processes to remediate negative impacts | Compliance and Business Ethics | P31-33 |
| 2-26 | Mechanisms for seeking advice and raising concerns | Compliance and Business Ethics | P31-33 |
| 2-27 | Compliance with laws and regulations | During the reporting period, Lexin did not experience any significant instances of non-compliance, which resulted in fines or non-financial penalties. | |
| Stakeholder Engagement | | | |
| 2-29 | Approach to stakeholder engagement | Communication with Stakeholders | P9 |
| GRI 3: Material Topics 2021 | | | |
| 3-1 | Process to determine material topics | Materiality Assessment | P10 |
| 3-2 | List of material topics | Materiality Assessment | P10 |



| GRI Standard | Disclosure | Chapter Index | Location |
| --- | --- | --- | --- |
| Economic | | | |
| GRI 201: Economic Performance 2016 | | | |
| 3-3 | Management of material topics | Company Overview | P5 |
| 201-1 | Direct economic value generated and distributed | Company Overview<br>Operational Key Performance | P5<br>P53 |
| GRI 203: Indirect Economic Impacts 2016 | | | |
| 3-3 | Management of material topics | Enjoy the Fruits, Arriving at a Future of Common Benefit | P41-46 |
| 203-1 | Infrastructure investments and services supported | Enjoy the Fruits, Arriving at a Future of Common Benefit | P41-46 |
| 203-2 | Significant indirect economic impacts | Enjoy the Fruits, Arriving at a Future of Common Benefit | P41-46 |
| GRI 204: Procurement Practices 2016 | | | |
| 3-3 | Management of material topics | Compliance and Business Ethics | P31-33 |
| GRI 205: Anti-corruption 2016 | | | |
| 3-3 | Management of material topics | Compliance and Business Ethics | P31-33 |
| 205-2 | Communication and training about anti-corruption policies and procedures | Compliance and Business Ethics | P31-33 |
| 205-3 | Confirmed incidents of corruption and actions taken | During the reporting period, Lexin was not found to have violated any laws and regulations such as corruption and bribery, conflict of interest and insider trading. | |
| GRI 206: Anti-competitive Behavior 2016 | | | |
| 3-3 | Management of material topics | Compliance and Business Ethics | P31-33 |
| 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | During the reporting period, Lexin was not found to have violated any laws and regulations such as corruption and bribery, conflict of interest and insider trading. | |
| Environment | | | |
| GRI 302: Energy 2016 | | | |
| 3-3 | Management of material topics | Addressing Climate Change<br>Implementation of Green Operations | P49-50<br>P51-52 |
| 302-1 | Energy consumption within the organization | Social Key Performance | P53 |
| 302-3 | Energy intensity | Social Key Performance | P53 |
| 302-4 | Reduction of energy consumption | Addressing Climate Change | P49 |
| 302-5 | Reductions in energy requirements of products and services | Addressing Climate Change<br>Implementation of Green Operations | P49<br>P51 |
| GRI 303: Water and Effluents 2018 | | | |
| 3-3 | Management of material topics | Implementation of Green Operations | P52 |
| 303-1 | Interactions with water as a shared resource | Implementation of Green Operations | P52 |
| 303-3 | Water withdrawal | Environmental Key Performance | P53 |
| GRI 305: Emissions 2016 | | | |
| 3-3 | Management of material topics | Addressing Climate Change | P49-50 |
| 305-1 | Direct (Scope 1) GHG emissions | Environmental Key Performance | P53 |
| 305-2 | Energy indirect (Scope 2) GHG emissions | Environmental Key Performance | P53 |

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| 305-4 | GHG emissions intensity | Environmental Key Performance | P53 |
| 305-5 | Reduction of GHG emissions | Addressing Climate Change | P49 |
| GRI 306：Waste 2020 | | | |
| 3-3 | Management of material topics | Implementation of Green Operations | P52 |
| 306-1 | Waste generation and significant waste-related impacts | Implementation of green operations | P52 |
| 306-2 | Management of significant waste related impacts | Implementation of green operations | P52 |
| 306-3 | Waste generated | Environmental Key Performance | P53 |
| GRI 308：Supplier Environmental Assessment 2016 | | | |
| 3-3 | Management of material topics | Implementation of Green Operations | P51 |
| 308-1 | New suppliers that were screened using environmental criteria | Implementation of Green Operations | P51 |
| Social | | | |
| GRI 401：Employment 2016 | | | |
| 3-3 | Management of material topics | Protection of Employee's Rights and Interests | P37 |
| 401-1 | New employee hires and employee turnover | Social Key Performance | P55-56 |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | Diverse Employee Benefits | P40 |
| GRI 402：Labor/Management Relations 2016 | | | |
| 3-3 | Management of material topics | Protection of Employee's Rights and Interests | P37 |
| GRI 403：Occupational Health and Safety 2018 | | | |
| 3-3 | Management of material topics | Diverse Employee Benefits | P40 |
| 403-3 | Occupational health services | Diverse Employee Benefits | P40 |
| 403-6 | Promotion of worker health | Diverse Employee Benefits | P40 |
| 403-9 | Work-related injuries | Social Key Performance | P56 |
| 403-10 | Work-related ill health | Social Key Performance | P56 |
| GRI 404：Training and Education 2016 | | | |
| 3-3 | Management of material topics | Growing Together with Employees | P38-39 |
| 404-1 | Average hours of training per year per employee | Social Key Performance | P54-55 |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | Growing Together with Employees | P38-39 |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | Social Key Performance | P54 |
| GRI 405：Diversity and Equal Opportunity 2016 | | | |
| 3-3 | Management of material topics | Protection of Employee's Rights and Interests | P37 |
| 405-1 | Diversity of governance bodies and employees | Protection of Employee's Rights and Interests<br>Social Key Performance | P37<br>P54 |
| GRI 406：Non-discrimination 2016 | | | |
| 3-3 | Management of material topics | Protection of Employee's Rights and Interests | P37 |



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| GRI 408：Child Labor 2016 | | | |
| 3-3 | Management of material topics | Protection of Employee's Rights and Interests | P37 |
| GRI 409：Forced or Compulsory Labor 2016 | | | |
| 3-3 | Management of material topics | Protection of Employee's Rights and Interests | P37 |
| GRI 413：Local Communities 2016 | | | |
| 3-3 | Management of material topics | Enjoy the Fruits, Arriving at a Future of Common Benefit | P41-46 |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | Enjoy the Fruits, Arriving at a Future of Common Benefit | P41-46 |
| GRI 414：Supplier Social Assessment 2016 | | | |
| 3-3 | Management of material topics | Compliance and Business Ethics | P31-33 |
| 414-1 | New suppliers that were screened using social criteria | Compliance and Business Ethics | P31-33 |
| GRI 417：Marketing and Labeling 2016 | | | |
| 3-3 | Management of material topics | Standard Service | P18 |
| 417-1 | Requirements for product and service information and labeling | Standard Service | P18 |
| GRI 418：Customer Privacy 2016 | | | |
| 3-3 | Management of material topics | Data Security Protection | P16-18 |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | During the reporting period, the number of substantiated complaints by Lexin involving invasion of customer privacy and loss of customer data was zero. | |

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