

# LEXIN 乐信

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# LEXIN 乐信

## Corporate Social Responsibility Report 2017



## About This Report

This is Lexin Fintech's (NASDAQ: LX) inaugural Corporate Social Responsibility Report and provides a detailed disclosure of the Company's practice and performance in the area of social responsibility, including corporate governance, environmental protection, and public welfare for the year 2017, and based on the principles of objectivity, normativeness, transparency and comprehensiveness. As a responsible corporate citizen, Lexin will publish follow-up CSR reports on an annual basis.

## Scope of the Report

This report covers data from 1 January, 2017 to 31 December, 2017. For the sake of comparability, some data from prior years is also included.

This report covers Lexin Fintech and its sub-brands.

## Forward-looking Statements

This report contains forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "confident" and similar statements. Among other things, the expectation of its collection efficiency and delinquency, business outlook and quotations from management in this report contain forward-looking statements. Lexin may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (the "SEC"), in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about Lexin's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: Lexin's goal and strategies; Lexin's expansion plans; Lexin's future business development, financial condition and results of operations; Lexin's expectation regarding demand for, and market acceptance of, its credit and investment management products; Lexin's expectations regarding keeping and strengthening its relationship with borrowers, institutional funding partners, merchandise suppliers and other parties it collaborates with; general economic and business conditions; and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in Lexin's filings with the SEC. All information provided in this report is as of the date of this report, and Lexin does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

## Standard of the Report

Global Reporting Initiative (GRI) Sustainability Reporting Standards

## Notice of Data

The Company's Annual Report (Form 20-F) as filed with the U.S. Securities and Exchange Commission (SEC) takes precedence over any and all data disclosed in this report. All monetary figures shown in this report are expressed in renminbi (RMB).

## Notice of Reference

Lexin Fintech may be referred to herein as "Lexin", "the Company" or "we".

## Publication of the Report

This report will be released simultaneously in Chinese and English in July 2018. For additional information, please visit: [www.lexinfintech.com](http://www.lexinfintech.com).

# Contents

04 / Message from the CEO

Enjoy Life, Ensure the Future



## Being Responsible, Ensuring Success

08 / About Lexin

16 / Social Responsibility Strategy



## Enjoy Development, Ensure Innovation

22 / Leading Intelligent Finance with

Technological Innovation

30 / Better Credit, Better Life



## Enjoy Sharing, Ensure Integration

38 / Raising Public Awareness of Credit

for Sustainable Consumption

40 / Low-Carbon Business Management

for a Green Earth

44 / Staff-Centered Approach for a

Common Future

54 / Charity Programs for An Open and

Harmonious Community



## Message from the CEO

### Enjoy Life, Ensure the Future



2017 has been a milestone year for Lexin. Established as Fenqile, a business that started the online micro consumption finance business model in China, Lexin has grown into a leading fintech company in China and successfully listed on the NASDAQ in less than four years. For Lexin, the listing means not only that a broader stage is open to us, but also that greater requirements and expectations are still to be fulfilled.

Holding "Better Credit, Better Life" as our mission, Lexin is dedicated to utilizing finance as the key to achieving a better quality life and becoming a more valuable company. At the same time, we would like to share in our growth and development with users, employees, partners and our communities.

Lexin wishes to deliver value to users by providing financial services

that are more inclusive, convenient, and stable. As a fintech platform, Lexin has prioritized continuous innovation and has constructed an advanced R&D team to help grow in the areas of intelligent finance, intelligent operations and intelligent asset management. Our proprietary technologies, such as the Wormhole system and Hawkeye engine, enable intelligent and stable risk control of big data, while enhancing the efficiency and integration of financial services.

Lexin seeks to add value among its partners and to facilitate an open, win-win ecosystem in the field of online consumer finance. With sub-brands such as Fenqile and Juzi Licai providing the foundation for a new "E-Commerce + finance" industry, Lexin is committed to mutually beneficial cooperation with a wide range of partners to build the most open financial sharing platform, as well as the most stable financial ecosystem.

Lexin shares its success with its employees and follows a people-oriented approach that prioritizes employee benefits. We provide our employees with ample promotion opportunities and seek to prosper along with them.

Lexin wishes to add value to its communities, and strives to build a better future while pursuing commercial development. We are committed to stimulating sustainable consumption and cultivating public credit concepts through education and execution. We are committed to operating our business according to green and low-carbon-emission standards, and being environmentally responsible by following the "Office Area Energy-Saving Plan". Upholding the socially responsible concept of "Consumer Finance, Charitable Spirit", we established the Lexin Charity Foundation and built a charity platform, creating an open and inclusive crossover charity

model of "Internet + Charity + X".

I would like to share a quote from Mr. Peter F. Drucker, "Business for good is good for business." If we conduct business with goodwill, a prosperous business will reveal itself. As a responsible business entity, Lexin will work together with all of its stakeholders to build an enjoyable life and a promising future.

Jay Wenjie Xiao, CEO of Lexin  
March 1, 2018

“

For Lexin, the listing means not only that a broader stage is open to us, but also that greater requirements and expectations are still to be fulfilled.

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# Being Responsible, Ensuring Success



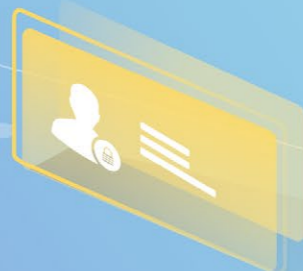
As of December 31, 2017, Lexin had 2,518 employees.



With turnover (transaction volume) of RMB48.2 billion.



With a total number of registered users of 23.9 million, representing an increase of 99.2% over the previous year.





## About Lexin

Lexin is a leading fintech platform in China and a publicly listed company (NASDAQ: LX). With leading technologies such as big data, cloud computing, and artificial intelligence, Lexin is committed to providing users with greater access to quality online financial services. With the idea of “Better Credit, Better Life”, we aim to serve the real economy and lead the wave of consumer growth in China.

The sub-brands of Lexin include: Fenqile, an online consumer finance platform, Juzi Licai, an online investment platform for individual investors, and Dingsheng Asset Management, an open platform for financial assets. We established a fintech ecosystem that is integrated with e-commerce, intelligent risk management, intelligent asset management, and online investment services to provide complete coverage for a new generation of credit card holders in China.

With our leading capabilities in the fintech industry, Lexin has connected tens of millions of credit card holders in China with ICBC, ABC, BOC, CCB, CMBC, BOCOM, CGB, Bank of Shanghai and many other banks and licensed financial institutions, allowing users to enjoy preferential and convenient consumer financial services, and thereby creating a stable, open and mutually beneficial fintech ecosystem.

## Profile

### Company Operations

As of December 31, 2017, Lexin had 2,518 employees, with turnover (transaction volume) of RMB48.2 billion. The company serves young and high-quality-credit users in China, with a total number of registered users of 23.9 million, representing an increase of 99.2% over the previous year. With its leading capabilities in the fintech industry, Lexin has connected tens of millions of users with banks and licensed financial institutions, enabling these users to enjoy preferential and convenient consumer financial services, and creating a stable, open and mutually beneficial fintech ecosystem.



### Vision, Mission and Values

**Vision: To become the most trusted fintech company.**

Credit is the core of finance. We continue to create value through honest and standardized operations, innovative financial technology, and strict risk controls, thereby winning the trust of users, employees, partners and the public.

**Mission: Better Credit, Better Life**

- Grow together with users and provide them with greater access to quality financial services to enjoy a better quality of life;
- Continuously innovate our financial technology and work with our partners to promote sustainable development of the fintech industry;
- Promote public awareness of credit, strengthen the concept of credit growth, and boost the progress of the social credit system.

### Values: Trust, Positiveness, Professionalism, Value

#### Trust

- Keep promises and accomplish every mission;
- Think empathetically and work together.

#### Positiveness

- Be honest and treat everyone impartially;
- Be enthusiastic, optimistic and full of positive energy;
- Be open-minded and cooperate earnestly.

#### Professionalism

- Pursue improvement by raising our professional knowledge and abilities with respect to our jobs, management, and industry to become experts in the field;
- Continuously pursue individual growth and self-improvement by exploring novel approaches for solving problems and improving ROI.

#### Value

- View value as the standard of conduct and do everything for the creation of value for users, employees and society;
- Be results-oriented, emphasizing input and output, and judging based on data and performance;
- Focus on long-term value and pursue continuous success.



## Awards and Honors in 2017

Golden Lion Award for "The Most Popular Innovative Internet Finance Company in Consumer Finance 2017" by Xin Xi Shi Bao

Listed in "Hurun New Finance Report in 2017"

"Charitable Model of the Year" in the 14th (2017) China Charity Ranking

"Top 100 of Finance 2017" by Analysis.

"Global Fintech Top 250 2017" by CB Insights, a U.S. market intelligence firm.

Mr. Jay Wenjie Xiao, CEO of Lexin, named "The First Shenzhen Young Entrepreneur of the Year"

Mr. Jay Wenjie Xiao, CEO of Lexin, named "Leader of Fintech in China"

"Most Reputable Contact Center 2017" by China General Chamber of Commerce and China Electronic Commerce Association

"Shenzhen Transformative Employer 2017" by Liepin

"Top 50 of New Finance in China" by National Business Daily

"Online Wealth Management Company with Stable Development" by National Business Daily (for Juzi Licai)

"Extraordinary Risk Control Company of Fintech 2017" by China Enterprise News

"Internet Charity Award 2017" by Internet Society of China

"Innovative Company of Charity" and "Responsible Brand of the Year" at the 7th China Charity Festival



## Corporate Governance

In accordance with the applicable laws and regulations, Lexin has established a standardized corporate governance structure with controls that meet the company's developmental demands and that form an effective system of management and productivity. Subject to shareholder, the board of directors exercise all executive and supervisory functions, according to their respective duties.

Lexin successfully listed on NASDAQ in December 2017 (ticker symbol: LX). As of December, 2017, the company has more than 400 individual and corporate shareholders. As the company listed in December, no dividends were issued in 2017.

### Board Composition

The board is responsible for organizing the shareholder meetings, and the Company's management team is responsible for the specific implementation of all board assignments and initiatives in accordance with the board's authorization.

The board consists of six directors, three of whom are on the Company's management team. The board has three special committees: the Audit Committee, the Remuneration Committee, and the Nomination and Corporate Governance Committee. Each committee has three members, including a chair.

### Investor Relations

- 1 The Company has an investor relations department to handle all investor inquiries and to conduct relevant investor outreach;
- 2 Important information is provided to investors via the investor relations section (<http://ir.lexinfintech.com/>) of the Company's website;
- 3 According to the requirements of the U.S. Securities and Exchange Commission, information regarding the Company's operations and quarterly results, its annual reports and other important information will be released to the public regularly;
- 4 Communicating with analysts can enable investors to understand the Company's expectations regarding its growth and profitability;
- 5 The Company communicates directly with investors and potential investors through non-deal roadshows;
- 6 The Company holds a general meeting of shareholders every year.







### Internal Controls

In August 2017, the Company upgraded its previous internal control and audit team to a formal Internal Control and Internal Audit Center, a core function of which is to prevent fraudulent behavior among employees. The center's specific tasks include the establishment and maintenance of a system for reports and complaints, the implementation of anti-fraud investigations, and the development of a culture of integrity and fraud prevention.

Dedicated to providing workplaces that are conducive to transparent business practices and strict adherence to applicable laws and regulations, in 2017, the Company revised its whistleblower policies and improved its reporting channels, including online reporting, to encourage employees to report any potential fraudulent behavior. The reporting policies have established a set of procedures for employees of the Company or its affiliates to submit reports of any suspicious accounting or auditing matters and to report behavior that violates any laws or regulations confidentially and anonymously. The procedures for the handling such reports are set forth in the Company's formal policies and guidelines. As such, employees can frankly and honestly report any violations without fear of reprisals.

To ensure employees adhere to our core values of "Trust, Positiveness, Professionalism and Value", the Internal Control and Internal Audit Center has established a number of policies and measures to prevent fraudulent behavior and to actively promote a culture of integrity. In 2017, the Internal Control and Internal Audit Center established "Guidelines for Professional Conduct and Ethics" and renewed its "Guidelines for the Punishment of Employees Receiving Gifts". These documents provide guidance and regulations for various compliance requirements of employees with respect to foreign exchange and other business activities, which help to prevent fraud and establish good business practices. The Internal Control and Internal Audit Center has also strengthened fraud prevention through internal training, testing, related activities and the publication of relevant policies and requirements for employees.

### Risk Management

The Internal Control and Internal Audit Center actively carries out risk-oriented internal audits. As an important part of the company's risk management system, the construction of the internal control system is regarded as the core responsibility of the Internal Control and Internal Audit Center. In 2017, the center collaborated with related departments within Lexin to construct an internal control system, which helped the company to optimize and upgrade its risk management, management practices and compliance. The system enables Lexin to establish a sound management system, operating mechanism and information system. At the same time, the center introduced effective audits of internal controls and self-assessments as conducive to excellent management results. As a result, the Company experienced no reportable events in 2017.

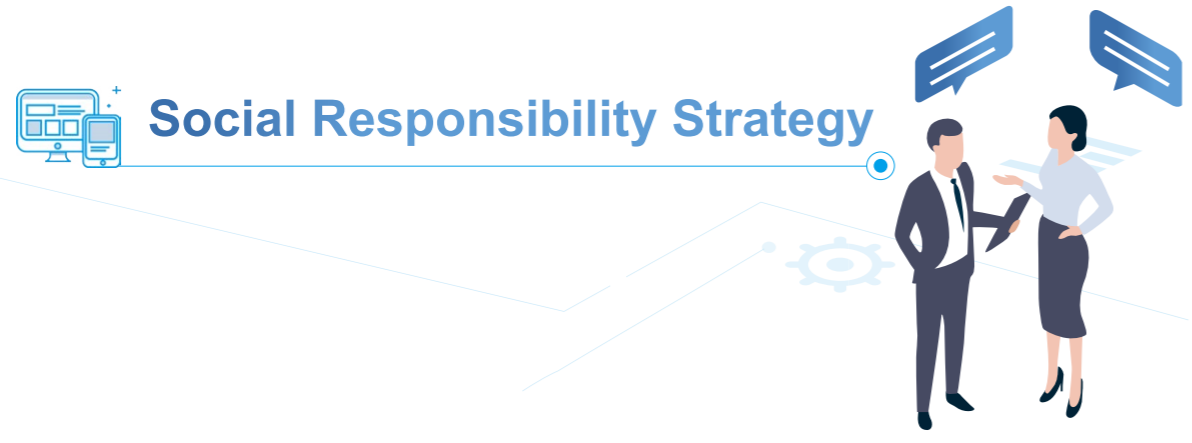
Based on the risk assessment of the company's core business and supporting business combined with the priorities in company's development strategy this year, the Internal Control and Internal Audit Center has formulated an internal audit plan for the year. In the second half of 2017, the Internal Control and Internal Audit Center implemented three internal auditing projects to identify defects in internal controls and actively promoted rectification, which improved the effectiveness of the company's internal controls. Meanwhile, the Internal Control and Internal Audit Center actively participated in the Company's overall workflow review and system assessment. In the second half of 2017, the center reviewed 12 systems and workflows, including three company-level systems. The review ensured the ability of company's systems to meet the compliance requirements of internal control, and successfully prevented risks.

In addition, the Internal Control and Internal Audit Center actively designed and formulated training courses, publicity campaigns and promotional materials regarding risk management and internal controls. The center promotes a culture of risk management through different media such as the company's official WeChat platform to help employees develop awareness regarding risk prevention to establish a line of defense for risk prevention.

### Lexin-Viewpoint

In both traditional finance and new finance, stability is always more important than innovation. Companies should embrace supervision and enjoy the benefits of compliance. After a sorting-out process, we see that the industry has entered a period of standardized development. Bad platforms have been washed out and companies that really want to become fintech participants are enjoying the benefits brought by enhanced supervision.

-- Jay Wenjie Xiao, CEO of Lexin



## Social Responsibility Strategy

Lexin has established a special corporate social responsibility management department. In the past few years, we have formed a proprietary and multidimensional system to fulfill the company's social responsibilities.

### Materiality Analysis

Lexin greatly values the expectations and needs of our stakeholders and puts those ideals into practice in the Company's daily efforts toward sustainable development.

In 2017, Lexin conducted detailed research regarding popular topics, national policies and industry trends. It also established a CSR materiality matrix based on company's development status and CSR system by assessing material issues in two respects: "Importance to Lexin" and "Importance to Stakeholders." The Company evaluated their importance to both Lexin and the stakeholders on the basis of economics, product & service quality, staff welfare, environmental protection, social value, and business corporation. The resulting findings formed the basis of this report and established a list of priorities for future CSR work.

#### Identification of Material Issues

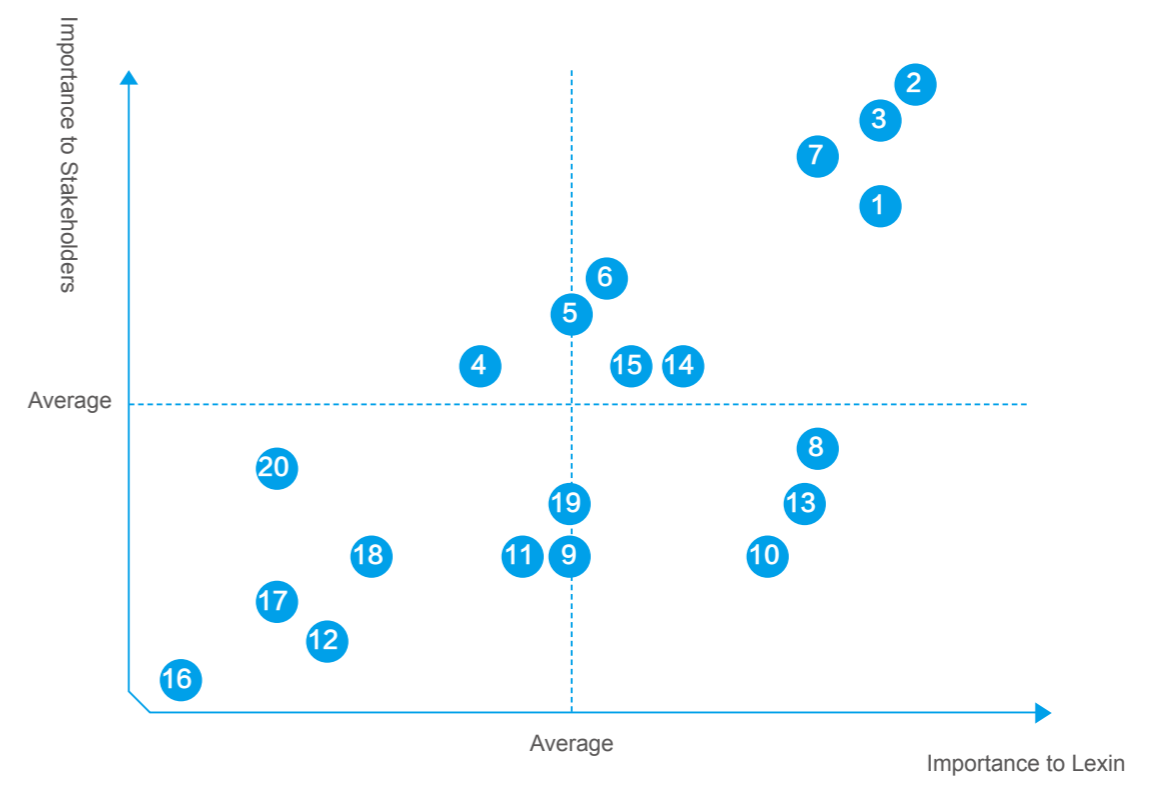
By reviewing the GRI Standards and other international standards and corporate best practices, and based communication with stakeholders over the last year, we identified 20 material issues related to Lexin's sustainable development.

#### Evaluation & Assessment

We conducted an online stakeholder survey regarding 20 material corporate responsibility issues and invited various groups of stakeholders to provide feedback on the importance of these issues to them. A total of 512 questionnaires were completed during the evaluation and assessment.

#### Prioritization & Confirmation

Upon approval by management and relevant experts, the Company prioritized 20 material issues and constructed a materiality matrix based on the results of the stakeholder surveys, which helped to identify the material issues disclosed in this report and as well as determine the appropriate follow-up actions.



- |   |  |
|---|--|
| 01 Management Level and Development Potential           | 11 Employee Care                             |
| 02 Compliance Management                                | 12 Green Office                              |
| 03 Risk Management                                      | 13 Green Finance Operating Model             |
| 04 Promoting Consumption and Improving Quality of Life  | 14 Leading the Development of Fintech        |
| 05 Providing Quality Financial Services                 | 15 Promoting Public Awareness of Credit      |
| 06 Leading Technological Innovation                     | 16 Targeted Poverty Alleviation              |
| 07 Protecting Information Security and Customer Privacy | 17 Charity                                   |
| 08 Guaranteeing Employee Rights and Benefits            | 18 Financial Inclusion                       |
| 09 Employee Remuneration and Benefits                   | 19 Cooperation across the Business Ecosystem |
| 10 Employee Career Development                          | 20 Communication with Stakeholders           |

## Communication with Stakeholders

Lexin attaches great importance to communication with all relevant stakeholders, and the Company has always committed itself to taking the impact of our operations on others into consideration. We also proactively address the diverse needs of stakeholders in order to achieve mutually beneficial results while enhancing the company's sustainable development and reputation. In 2017, we continued to maintain close communications with government officials, regulatory agencies, customers, partners, shareholders and investors, employees, environmental groups, community representatives and other stakeholders to jointly create sustainable and shared value.



Stakeholders	Government	Customers	Partners	Shareholders & Investors	Employees	Environment	Communities
<b>Concerns</b>	Honesty & Law-Abiding Rate-paying according to Law Financial Inclusion Economic Development	Diversified Needs Quality of Services Safety of Funds Privacy Security	Business Ethics Industry Development	Return on Investment Risk Prevention	Salary & Welfare Training & Development Communication & Caring	Energy Saving Green Office	Credit Society Public Welfare
<b>Communications</b>	Improving corporate governance Paying tax proactively according to legal requirements Achieving finance inclusion Responding to governmental policies Cooperating with industry supervision	Leading fintech innovation Achieving financial inclusion Enhancing customer experience Protecting customer privacy Providing education of credit safety	Supplier conference Industry communications Promoting the development of financial institutions	Disclosing business information regularly Enhancing relations with investors	Improving salary & welfare Improving staff training Launching various after-work activities	Purchasing green products Office Energy-Saving Plan	Cultivating public awareness of credit Advocating credit security behaviors Carrying out charity programs



# Enjoy Development, Ensure Innovation



As of 2017, Lexin had a total of 506 researchers, including two doctors and 65 master's degree holders.



In 2017, Lexin's R&D spending reached RMB235 million, accounting for 28% of total operating expenses and representing an 84.8% increase over the previous year.



The Hawkeye engine has integrated over 1,000 decision-making rules with over 5,000 variables.



## Leading Intelligent Finance with Technological Innovation



As a fintech platform, Lexin regards continuous innovation of financial technology as one of its core missions. Lexin is committed to creating a sound scientific research system, promoting the effectiveness of fintech through artificial intelligence, and achieving the application of AI in its business through intelligent finance, intelligent operations, and intelligent asset management. At present, Lexin has realized the systematic application of AI in customer acquisition, risk controls, and asset matching to create an open AI ecosystem that quantifies risks and makes risk control strategy across the platform more flexible and cost-effective. As a result, this improves the efficiency and public availability of financial services.

### Leading the Innovation of Financial Technology

The scientific research system of Lexin was established to meet the strategic needs of our business, and covers the departments of front-end and back-end development, platform development, risk control development, testing, quality management, architecture, operations and maintenance, and big data. Also, the Company has established two frontier technology research departments: the blockchain laboratory and the artificial intelligence laboratory. In order to meet the needs of its business and become a respected fintech company, Lexin developed a rigorous scientific research management process and incentive mechanism, integrate its fintech focus into its business model and paying special attention to improving the user experience.

As of 2017, Lexin had a total of 506 researchers, including two doctors and 65 master's degree holders, which collectively formed a high-quality scientific research team with abundant practical and professional experience. The Company has also established laboratories for cutting-edge technologies in order to provide talented people with the platforms and resources they need to fully develop their talents. Lexin is committed to becoming a national hotbed of fintech talent.

In 2017, Lexin's R&D spending reached RMB235 million, accounting for 28% of total operating expenses and representing an 84.8% increase over the previous year. The investment mainly went toward the construction of IT infrastructure, R&D in risk identification and control, construction of an IDC center, construction of big data and blockchain laboratories, and the training and development of scientific talent. At present, the company's scientific research is going through a transitional period of structural transformation and adjustment. We have clarified the strategic direction of our platforms, adjusted the architecture of various R&D systems and completed the transformation of the trading platform, risk controls platform, asset management platform, "Wormhole" platform, and testing platform. The effect of the platform strategy has emerged such as the development and the application of biometric identification technologies, the Hawkeye engine, the Wormhole system and blockchain technologies. In the future, we will continue to deepen this strategy, improve our user experience and minimize risks.

#### Lexin · Action

##### The Intelligent Asset Management Technology Platform "Wormhole"

Wormhole, the intelligent asset management technology platform, is one of the core fintech systems developed independently by Lexin on the basis of AI technology. The Wormhole system can manage assets over RMB100 billion and process millions of orders each day, supporting a seamless connection between Internet companies and financial institutions.

#### Lexin · Action

##### Blockchain Technology

In 2017, Lexin identified the key trends in financial innovation and accelerated the application of blockchain technology across various platforms. Taking advantage of the security features of blockchain, the Company created a decentralized, open and transparent trust system. Compared with traditional payment systems, blockchain payments can provide direct, end-to-end transactions. Blockchain payments do not require intermediaries and can be substantially faster and cheaper than traditional payment systems. With the help of blockchain technology, Lexin has greatly improved the transmission speed, transparency and security of financial networks and promoted the overall development of inclusive finance and reshaped the financial architecture.



## 2017 中国（深圳）IT领袖峰会

## China (Shenzhen) IT Summit

# 区块链与金融科技

主持人：	刘二飞	数字中国联合会常务理事
对话嘉宾：	朱云来	金融专业人士
	毛振华	中诚信集团董事长
	林重成	银盛金融集团创始人、董事局主席
	吴雄昂	ARM全球执行副总裁兼大中华区总裁
	肖文杰	乐信集团创始人兼首席执行



### Supporting the Development of Financial Institutions

With its industry-leading fintech capabilities, Lexin has connected tens of millions of young users in China with ICBC, ABC, BOC, CCB, CMBC, BOCOM, CGB, Bank of Shanghai and many other banks and licensed financial institutions to enable them to enjoy preferential and convenient consumer financial services, thus creating a stable, open and mutually beneficial fintech ecosystem.

On March 30, 2017, the "Walking Together · Creating the Future, Lexin Partner Conference 2017" was held in Shenzhen. More than 200 of Lexin's financial partners attended the conference. The Company's CEO, Mr. Jay Wenjie Xiao, announced that Lexin had opened its business to 435 million white-collar credit card holders and that Fenqile, its quality installment-purchase platform, had already supported installments for credit cards issued by ABC, BOC and CMBC. Mr. Jay Wenjie Xiao also announced that Lexin would continue to open its business to partners in such fields as ecommerce and asset management.

#### Lexin · Action

"China's Internet finance industry has entered a new period of development. Internet companies and financial institutions are not in a competitive relationship. If they can utilize their own advantages and cooperate with each other, they will promote efficiency in their business. Lexin aims to unite all partners to create an open and mutually beneficial Internet consumer finance ecosystem."

-- Jay Wenjie Xiao, CEO of Lexin

#### Friendship with Financial Institutions



## Big Data Risk Controls

Lexin implements a full-process risk management strategy for its business and carries out risk controls on product design, marketing, business operations and post-loan collections. It also formulates corresponding management systems such as “Business Conduct Standards and Punishment Regulations”, “Lexin Standards for Business Application Documents”, “Lexin Guidelines for Business Applications” and more regarding potential risks in each link to ensure the authenticity and security of each transaction.

With the support of a sound management system, Lexin has established a mature risk control team and applied advanced financial technology to conduct big data analysis and big data credit investigations that enables the company to achieve robust and efficient risk control of big data.

### Experienced Team, Operational Excellence, and Rigorous Systems

The company has a risk control team of over 400 people. Among them, more than 100 specialize in the implementation of risk control algorithms and systems, which results in a risk control credit system that is both sound and efficient. Members of our risk control team are professional practitioners with work experience in major banks, credit card centers, consumer finance companies and other financial institutions, and who have extensive experience in systematic risk management and controls. During the design of its risk control process, Lexin referred to advanced technologies such as risk control management concepts and big data from both China and overseas to keep the rate of cancellation of bad debts under 2% in 180 days, this creating a benchmark in the industry.

Online credit has the advantage of positive user experience and high efficiency, but the problems of risk control are also considerable. Lexin therefore established a strong offline team to conduct face checks in addition to online and offline reviews. With the double-check approach of “Human + Machine Model”, Lexin’s grading system for risk control has combined market promotion and risk management.

During the construction of the risk control model, Lexin designed and improved the risk control model several times on the basis of historical data and experience. The Company finally found a complete set of risk management processes to meet the needs of young and high-quality-credit users for installment shopping.

The risk control process of Lexin starts with the product design. With the help of a complete set of risk management processes, controls have been implemented in every link of our business. The control process proceeds from product design to market targeting, risk policy establishment, business process development, customer registration, order placement, initial review, second review, loan origination and post-lending monitoring, collection and cancellation. The company tries to balance risks and profits to the utmost extent.



### Efficient and Precise Big Data Risk Control

Based on user data collection and mining as well as the user behavior data collected in our business, Lexin has taken advantage of big data analysis to build a strong credit rating model and a user behavior model to construct a user information system. For example, with access to the credit data from banks and third-party companies, a proprietary credit rating system has been established by analyzing users' occupations, consumer habits and economic status according to their online behavior patterns, along with registration information, browsing history, repayment status and other details on our website. The system has improved our capabilities in credit rating and risk identification. This credit rating system enables successful transactions while limiting risks and meets the particular needs of high-credit-quality users who do not have credit cards, thus, establishing a feasible and efficient credit consumption model for younger users.

At the same time, by mining Internet data, Lexin has developed a complete set of analysis and decision-making models. By analyzing macroeconomic data, the pace of Internet development, financial markets and financial products, we can identify new information and predict economic trends, financial consumer behavior, and the market for particular products. At the same time, by analyzing microeconomic data regarding basic user information, consumption history, financial preferences and product sales, we can improve customer segmentation, customer ratings, customer positioning along with the assessment and management of micro risks.

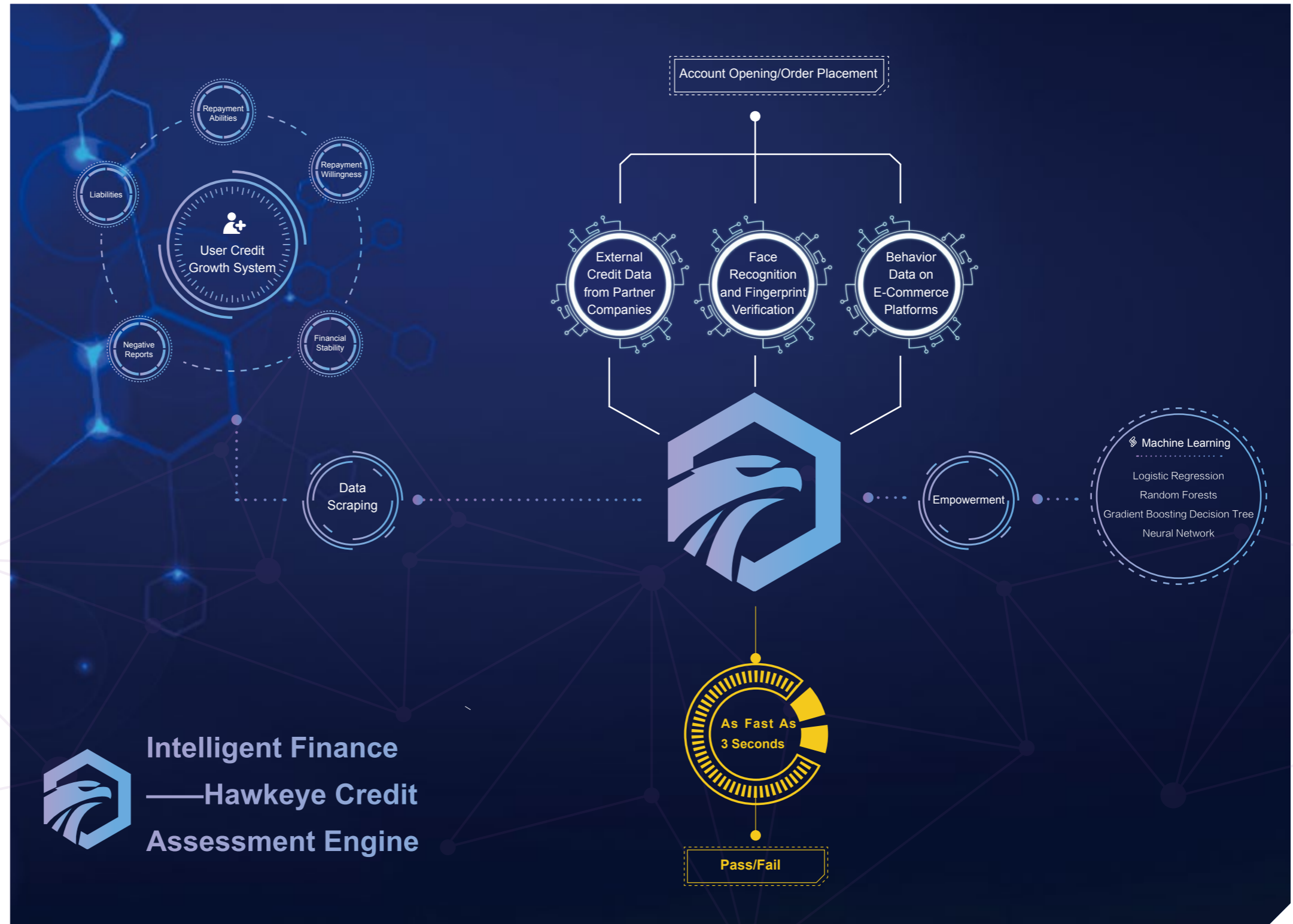
Based on both computerized and manual review, Lexin has access to data from a number of professional credit bureaus. As one of the first batch of 17 Internet companies for financial information sharing, Lexin can access transaction data from the other 16 Internet financial institutions, including Ant Financial, JD Finance and LU.com. As a result, the Company can identify potential risks across multiple databases and consider a user's borrowing information, repayment ability, credit performance and fraudulent trading behavior to comprehensively assess the overall risk of users and offer them credit lines that match their repayment abilities. As a result, Lexin has established a big data credit system that integrates risk control and identification, positioning assessment, and analysis and decision-making.



### Hawkeye Engine

With the growth of our business, Lexin has realized agile development by harnessing the power of the digital economy. Assisted by machine learning, we continuously enrich our data and strategy models, and improve the quality and efficiency of our risk controls. The proprietary Hawkeye Credit Assessment Engine is designed to solve the problems faced by traditional financial institutions in serving people who lack of conventional credit records with the help of big data, cloud computing and other AI technologies. When users place orders on Fenqile, their external credit data recorded by other companies, including behavior data on e-commerce platforms and social behavior data, is transmitted to the Hawkeye engine. Upon analyzing this data by way of machine learning, the Hawkeye engine can make an assessment regarding a user's repayment abilities, repayment willingness, liabilities and financial stability, and automatically complete tasks such as providing real-time warnings, blocking, and analysis.

At present, the Hawkeye engine has integrated over 1,000 decision-making rules with over 5,000 variables to automatically review 95% of orders placed on Fenqile and provide feedback within seconds. Through rapid iteration, the engine can effectively identify user credit risks and block most organized fraud, making the overall charge-off rate of Lexin's consumer financial assets far lower than the industry average. Lexin's CEO, Mr. Jay Wenjie Xiao, said "the Hawkeye engine can now support multiple automation technologies and next will gradually launch an automatic learning system so that the model can adjust its parameters by itself."



**Intelligent Finance**  
**—Hawkeye Credit Assessment Engine**



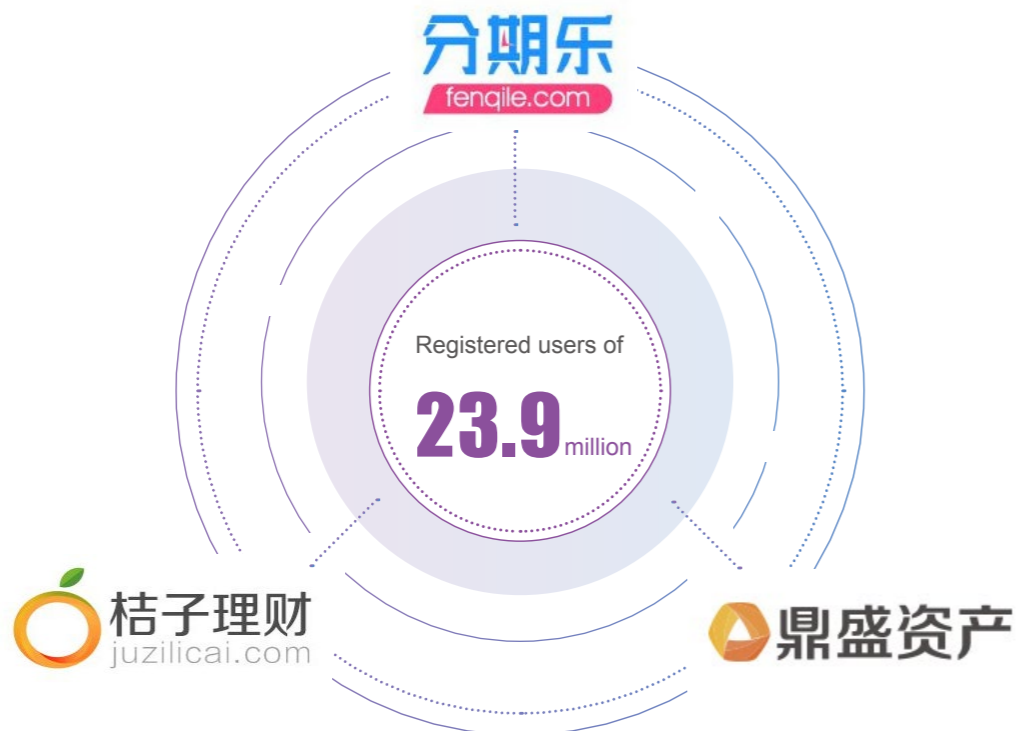
## Better Credit, Better Life



### Creating an Open and Mutually Beneficial Fintech Ecosystem

Lexin is a leading fintech company in China that includes three sub-brands: Fenqile, Juzi Licai and Dingsheng Asset Management. The Company has created a fintech ecosystem that is integrated with e-commerce, risk management through big data, asset management, financial cooperation, and online lending services to provide the best and most comprehensive financial services for young and high-quality-credit consumers in China. By the end of 2017, Lexin had 23.9 million registered users.

Seizing the tremendous development opportunities in the consumer finance industry that have resulted from increased consumer activity, as the industry leader, Lexin pioneered the new industry of "E-Commerce + Finance" and worked with partners to create the most open financial sharing platform and the most stable fintech ecosystem.



### Fenqile

Fenqile is a sub-brand of Lexin that has partnered with more than 3,000 well-known brands such as Apple, P&G, OPPO, Vivo and Midea. Fenqile's product SKUs is now over 900,000, representing a 50% increase over the previous year. Fenqile is the third largest online channel for many brands, behind JD.com and Tmall.

In the finance industry, Lexin works with dozens of banks and licensed financial institutions in China to providing stable and low-cost funding channels for Fenqile. In 2017, Fenqile established cooperation with credit cards from nine banks, including CMBC, BOC, ABC, SPDB and China CITIC Bank, to enhance installment payment options for 435 million credit card holders, which represented a key step for Lexin in providing consumer credit services for white-collar customers more effectively and widely.



### Lexin · Viewpoint

"Consumer growth has brought tremendous development opportunities to the consumer finance industry. Lexin initiated the new industry of "E-Commerce + Finance" and, as the leader in this industry, would like to carry out win-win cooperation with partners across the financial sector to create the most open financial sharing platform and the most stable fintech ecosystem."

—Jay Wenjie Xiao, CEO of Lexin

### Juzi Licai

Juzi Licai is a sub-brand of Lexin that aims to help users achieve steady returns through online investments with a focus on the allocation of small, diversified and transparent consumer financial assets to individual investors. The funds on the Juzi Licai platform are deposited in GDB and the security of accounts is underwritten by China Pacific Insurance to provide users with secure and compliant online lending services. With its reputation for transparency, quality, convenience and safety, Juzi Licai is highly favored by high-income white-collar customers.



App



Website: <https://www.juzilicai.com>



WeChat Account

### Pursuing Inclusive Consumer Finance

As a leader in the fintech industry, Lexin champions the idea of green consumer finance and encourages companies in the industry to be responsible lenders. We encourage fintech companies to protect consumer rights, strictly manage risk controls, advocate rational consumption and minimize personal credit risks, with an eye toward sustainability and stable development of the industry. While promoting the real economy and upgrades in consumer finance, Lexin encourages the development of a more trustworthy marketplace and the promotion of responsible consumer behavior.

- Practice the idea of inclusive finance and improve the accessibility of financial services by technological means; integrate financial services into consumer scenarios so that finance can actually serve the real economy.
- Control interest rates and encourage the industry to limit fees to 36%, continuously improve the efficiency of services and the capability of risk control, and provide preferential interest rates for users with good credit.
- Be responsible and transparent regarding fees and interest rates and refrain from misleading promotions; set the principal amount as the upper limit for late fees; prohibit irresponsible credit card use; strengthen oversight of risk controls, and fight against Internet crime and organized fraud in order to maintain a well-developed financial credit environment.
- Prioritize initiatives in the areas of education, employment and entrepreneurship to create a society with equal opportunities for all; promote education on credit security and raise credit risk awareness when providing services. Strictly control the extension of credit to unemployed or low-income people aged 18 or older, and guarantee their credit limit does not exceed their disposable income. For employed users aged 18 or older, we advocate responsible consumer behavior.



## Pursuing Outstanding Customer Experience

### 2017 Customer Satisfaction Survey

Our satisfaction surveys are mainly conducted by inviting customers to evaluate our service via telephone calls or online. There are three responses for customers to choose: very satisfied, satisfied and dissatisfied. Our quality control rate is the ratio of the number of surveys provided by customer service staff and the number of call records.

In 2017, according to the surveys conducted through calls by Fenqile, the satisfaction rate was 99.1%, of which 91.3% were very satisfied, and the quality control rate was 80.9%. According to the satisfaction surveys conducted online by Fenqile, the satisfaction rate was 96.4%, of which 73.5% were very satisfied. Overall, there is an upward trend in these results.

As for customers who express dissatisfaction, we contact them to learn about their issues and seek to remedy the situation whenever possible. By organizing internal training teams in our Customer Service Department and by designing quality training courses, we have developed training plans for our customer service teams to improve their proficiency, industry knowledge and communication skills. As for products that failed to satisfy our customers, we organize product experience meetings and product communication meetings on a monthly basis to learn about customer expectations, optimize product function, and strengthen cooperation among departments.



### Keeping Stable IT Operations and Safeguarding Customer Privacy

Lexin has always regarded stable operations and strong information security as critical to our success. The Company has adopted advanced technologies and strict procedures to ensure stable IT operations and to safeguard customer privacy.

In terms of its network construction, Lexin adopts a design of high availability. The IDC center uses two interconnected and dedicated circuits to perform data distribution and automatic failover, ensuring the high availability of the network. For the stability of data and business application systems, Lexin uses its proprietary Sentry System to detect the availability of nodes, ensuring the availability of the overall data layers. The hybrid cloud solution protects the overload of every layer and automatically detects and filters the back-end, ensuring the stability of the system.

Lexin focuses on the protection of customer privacy and ensuring that all information obtained is authorized by users. We follow the principle of "data minimization" and only collect the data necessary for our business and permitted by users. Lexin has also passed the national ICP test and obtained third-level certification regarding China's rules on cybersecurity and Electronic Data Interchange (EDI). All front-end sites adopt https encryption technology to ensure the secure transmission of personal information and sensitive data. We implement DLP as our data protection solution to ensure the security of data storage, use and processing, and adopt encryption and masking technologies to protect users' private data, not only fulfilling our promise to protect customer privacy but also securing the company's sensitive data. Lexin has independently developed the Web Application Firewall (WAF) to effectively identify and defend against malicious attacks from other websites.



# Enjoy Sharing, Ensure Integration



since May 24, 2017, the company's administrative department has cooperated with the property management company of Lexin's Shenzhen headquarters to implement the "Office Area Energy-Saving Plan".



As of November 2017, Lexin has invested more than RMB2 million in employee training. Last year there were an average of 31 training sessions per month for a total of 9,305 students.



In 2017, Lexin donated a total of RMB4 million to Lexin Charitable Foundation while the Foundation donated a total of RMB2.75 million to the community.





## Raising Public Awareness of Credit for Sustainable Consumption

Online finance has grown in popularity in recent years. While providing the public with convenient financial services, it is occasionally subject to some misconduct, including usury and illegal intermediary services. The "Implementation Plan for Special Rectification on Risks in Internet Finance" released in October 2016 emphasized the need to rectify some practices in the areas of online peer-to-peer lending and crowd-funding, online asset management, cross-border financial services and third-party payments.

As a leader in fintech services, Lexin actively responds to the national plan for a social credit system and is committed to building a credit growth system, promoting the development of a credit system, cultivating sustainable and responsible attitudes toward credit among various consumer groups, and taking the lead in the promotion of online integrity and credit security.

In 2017, Lexin helped the public develop good credit habits in two ways. The first was by raising public awareness and knowledge of credit matters. Lexin actively provided education on financial knowledge, offered tips for preventing financial fraud, and by publicizing integrity relevant laws and regulations online. The second way was practical action. Lexin actively fought against credit fraud and helped the public reduce losses through financial fraud by setting up the China Students Credit Union and cooperating with public security authorities to deal with fraud cases.

## Providing Education, Advocating Best Practices

### “Enjoy Consumption · Ensure the Future”

In 2017, together with Enactus China, Lexin held the fintech knowledge challenge competition “Enjoy Consumption · Ensure the Future”. The competition was divided into two parts, “Financial Technology” and “Credit Security”, and covered topics like big data, risk controls, responsible consumption, and e-commerce fraud prevention.

With the aim of publicizing “Enjoy Consumption · Ensure the Future,” 20 teams took part in the competition. The participants planned creative campaigns and promotion plans in the form of cartoons, books, mobile games, videos, and more that highlighted such subjects as inclusive finance, identifying financial frauds, correcting consumer misunderstandings, and cultivating awareness of credit security.

### “Credit Is Your Business Card”

The theme of Consumer Rights Day on March 15, 2017 was “Internet Integrity and Worry-Free Consumption.” According to the consumption report released by the Shenzhen Consumer Council in 2016, problems related to e-commerce fraud, delivery guarantees, online finance, and prepayments were among the most common consumer complaints. Therefore, on March 14, 2017, Lexin worked jointly with the Shenzhen Consumer Council to launch an activity themed “Credit is Your Business Card” to promote online integrity and related laws. We invited experts in customer service, fraud prevention, and security affairs to introduce various consumer protection scenarios and to teach consumers how to identify e-commerce fraud as well as establish and maintain good personal credit.

### Lexin · Action

#### Fighting Credit Fraud

At the end of 2015, Lexin’s predecessor company joined the Anti-Fraud Information Alliance led by Tencent Security and the Shenzhen Internet Police to share data and best practices across the industry. With the power of big data and of law enforcement agencies, Lexin was able to crack down on financial fraud on campuses. In April 2016, Lexin jointly established the China Students Credit Union with many other institutions and advocated naming bad users on a “blacklist” to prevent their borrowing from multiple sources. As of the end of 2017, Lexin had cooperated with public security authorities to deal with more than 10 fraud cases involving loans to students, recouping over RMB6 million for the victimized college students.

Cooperated with public security authorities to deal with more than

**10** fraud cases

Recouping over RMB **6** million

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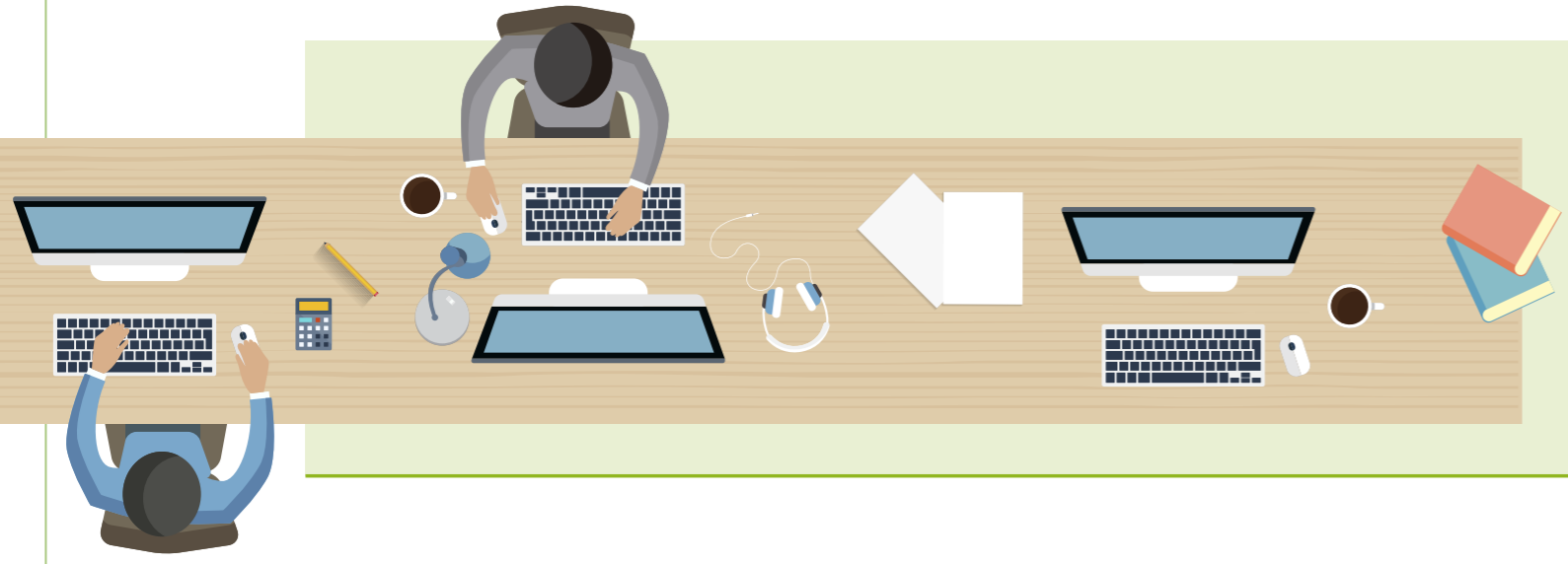
## Low-Carbon Business Management for a Green Earth

Lexin regards environmental protection as an important social responsibility that must be integral to corporate development. The Company takes climate change very seriously. As a fintech company, our impact on the environment comes mainly from energy consumption related to our data operations and offices.

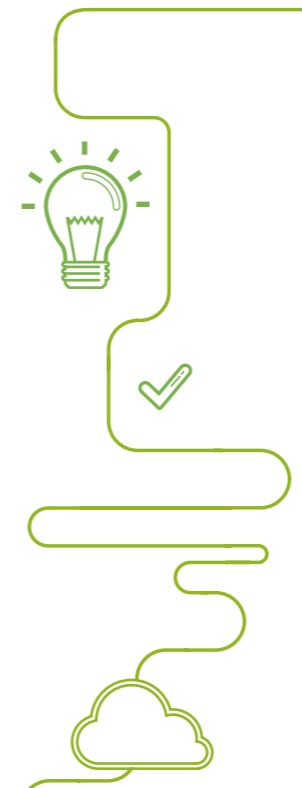
To promote energy saving in data processing, Lexin initiated a private cloud project, adopting the open source software KVM, which has been applied in a large number of production process. Through this project, Lexin achieved unified management and improved resource allocation, thereby greatly enhancing resource utilization. At the same time, by establishing and operating an environment management system, and implementing an "Office Area Energy-Saving Plan", Lexin has achieved remarkable results in reducing its energy consumption.

### Office Area Energy-Saving Plan

In order to strengthen environmental protections at Lexin, since May 24, 2017, the company's administrative department has cooperated with the property management company of Lexin's Shenzhen headquarters to implement the "Office Area Energy-Saving Plan". The plan is tailored to the specific needs of the office and we have developed corresponding energy efficiency management and control measures for air-conditioning, computers, lighting, data servers, conference rooms, water dispensers, refrigerators, microwave ovens, and other equipment. We have also designated staff members who are responsible for conducting regular checks to monitor energy consumption.



### Measures



#### Green Procurement:

Lexin is committed to green procurement, adding energy-saving value to the procurement of office supplies, and we already use energy-saving lighting in our offices. Going forward, we will continue to purchase energy-efficient computers, printers and other office equipment.



#### General Energy-Saving Methods:

We promote the idea of energy saving and consumption reduction to all employees in various ways, including signs and notices throughout the office areas. In addition, we have also adopted methods for saving water and paper, for example, by promptly repairing any leaky water pipes, renovating the drinking water system and promoting a paperless office.

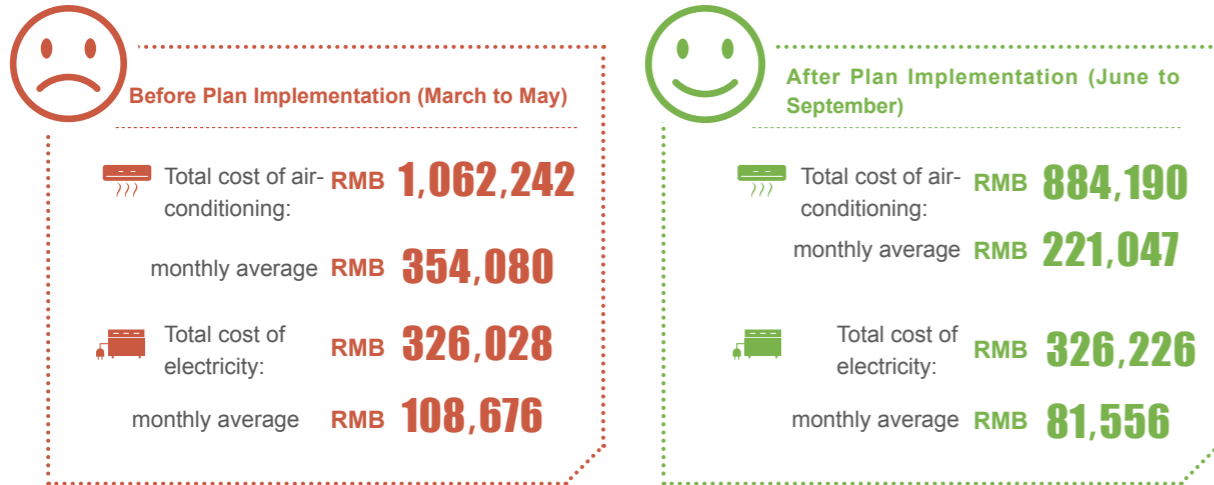


#### Routine Energy Management and Controls:

- 1 Turn on/off office lighting and air-conditioning systems at set times;
- 2 Adjust the cooling mode of air-conditioning systems at set times;
- 3 Conduct regular inspections and turn off lighting, air-conditioning, computer monitors, and other equipment in unoccupied areas;
- 4 Turn on/off water dispensers and drinking water facilities at set times;
- 5 Reduce lighting during holidays and festivals.

### Achievements

With the support and hard work of all Lexin's employees, the "Office Area Energy-Saving Plan" has been remarkably effective since its launch last year. That effectiveness is illustrated in the Company's electricity consumption records from March to September of last year:



After implementing the plan, the cost of air-conditioning was reduced even during the higher-temperature months between June and September, during which time there was an average monthly decrease of RMB133,033 in air-conditioning expenses compared to the same period the previous year. Average monthly electricity costs were reduced by RMB27,120 compared to the same period the year before and the total cost decreased approximately RMB640,612.

	Average High Temperature	Air-Conditioning Costs (RMB)	Electricity Costs (RMB)
March	23°C	253,594	89,619
April	26°C	476,889	142,118
May	29°C	331,759	94,291
June	32°C	123,430	58,090
July	31°C	210,565	87,431
August	32°C	274,665	86,636
September	32°C	275,530	94,069

### Plan Improvements

On the basis of employee feedback, we adjust our air-conditioning and lighting systems as needed and will continue to optimize the energy efficiency of our air-conditioning systems, our conservation of electricity, and related internal controls. In doing so, Lexin strives to make the "Office Area Energy-Saving Plan" a model project in the field of workplace energy conservation and to contribute to environmental protection.

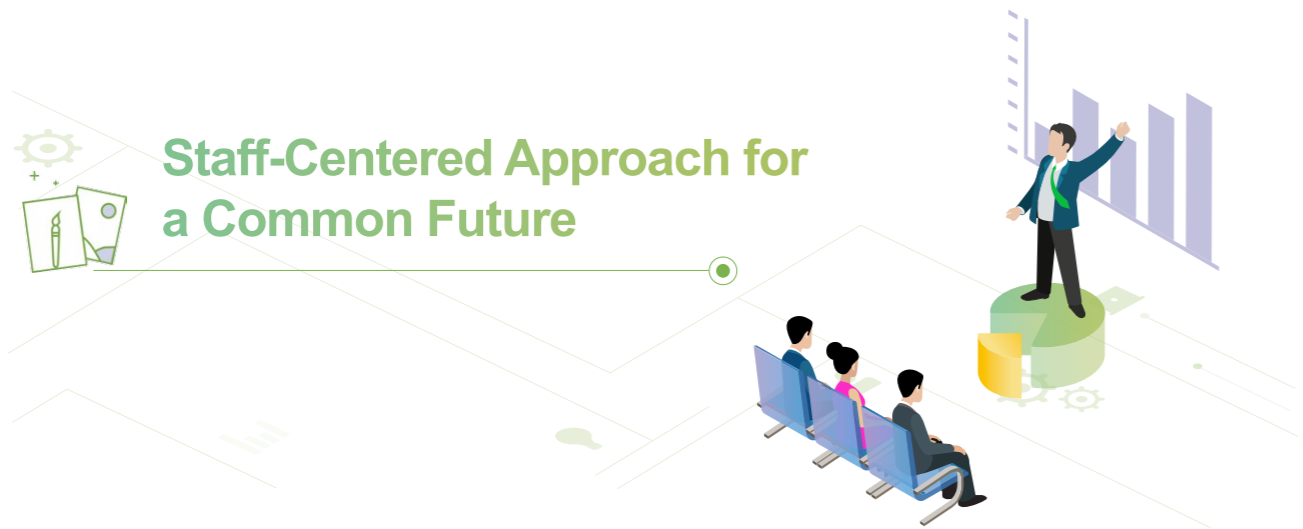
### Lexin · Action

#### "Cycling Every Day and Doing Charity Step by Step"

During Earth Day on April 22, 2017, Lexin Charity worked with the Shenzhen Mangrove Conservation Foundation as well as with bike sharing companies to launch "Cycling Every Day and Doing Charity Step by Step," an online planting activity for promoting green living. We encouraged participants to cycle by showing the equivalent decrease in carbon emissions based on each rider's mileage.

Over one million people across China completed the online relay. Lexin Charity fulfilled its green commitment by planting a mangrove forest at the Futian Mangrove Ecological Park in Shenzhen. We hope to promote a healthy and environmentally friendly lifestyle through this O2O planting activity and show the public that changes to one's daily commuting can create a positive and meaningful impact.

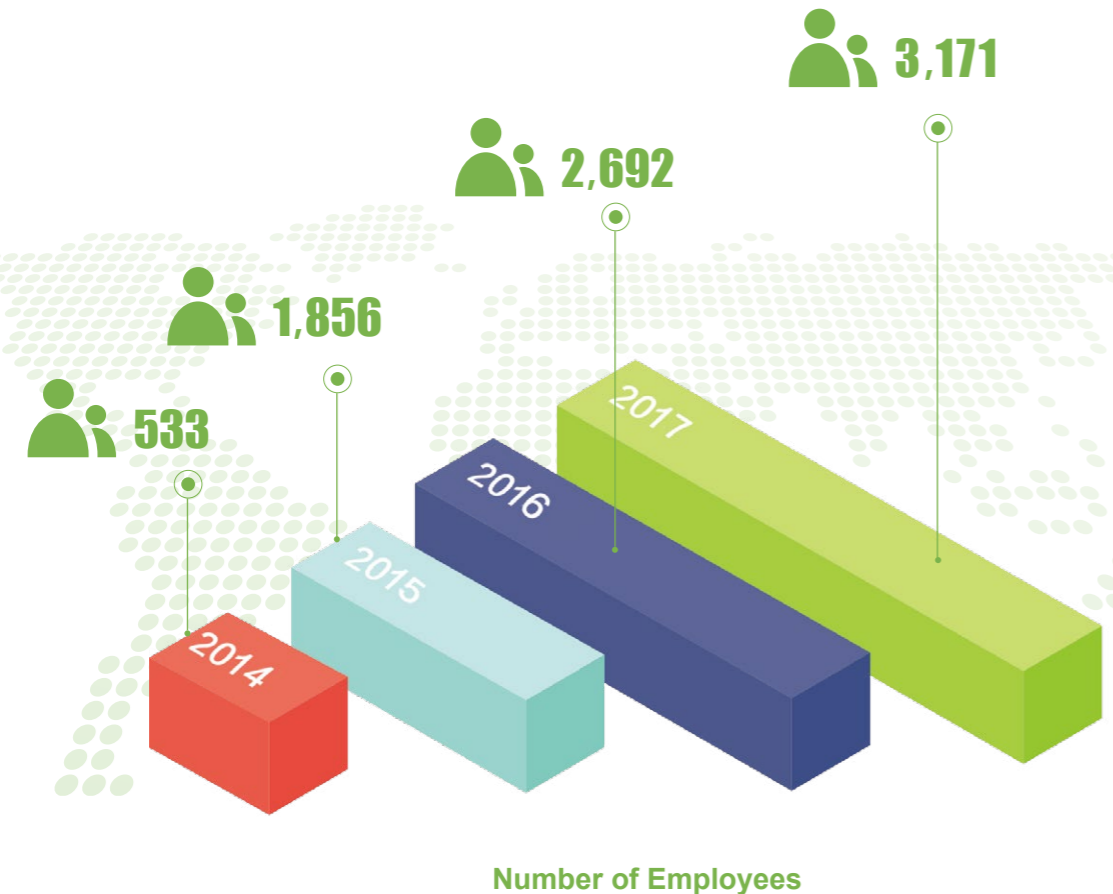




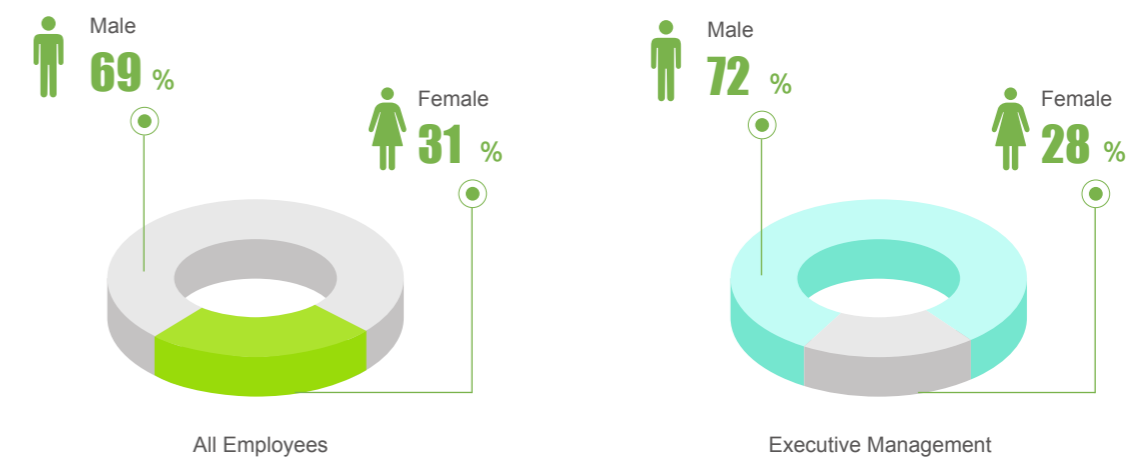
## Staff-Centered Approach for a Common Future

Lexin's vision to become the most trusted fintech company is embodied in our management system and the practices of our employees. While embraced by all employees, the vision also encourages the company to be staff-oriented and to earn trust from all employees. The corporate values of "Trust, Positivity, Professionalism and Value" encourages all employees to make continuous progress and strive to realize our shared goals. In turn, Lexin seeks to increase the potential of its employees through professional development in order to help them better realize their personal value while growing together with the Company.

As of December 31, 2017, Lexin's total number of employees was 3,171. The labor contract signing rate for full-time employee was 100%. Including regional sales staff, the number of new hires in 2017 was 1,973, while the number of departures was 1,809.



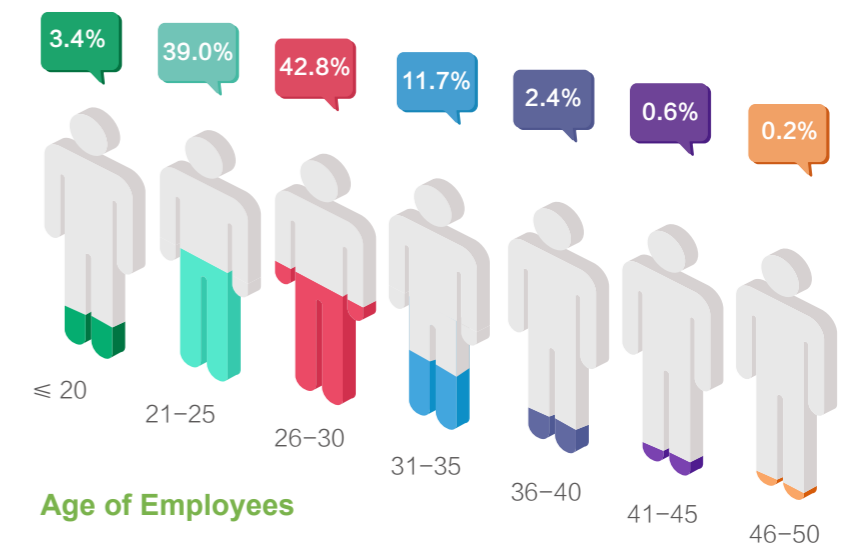
Number of Employees



Gender Ratio of Employees

Lexin follows a recruitment policy of diversity and gender equality and is committed to eliminating gender discrimination in recruitment and employment.

Lexin is committed to building a high-quality and energetic work team. 49.4% of the company's employees have a bachelor's degree and 7.2% have a master's degree or above. Lexin believes that an organized team of qualified personnel can provide the talent needed for the rapid development of the company.



Age of Employees



Geographical Distribution of Employees

Lexin implements a localization recruitment policy through which Lexin extensively hires local employees, actively recruits ethnic minorities, improves HR efficiency and promotes local employment.



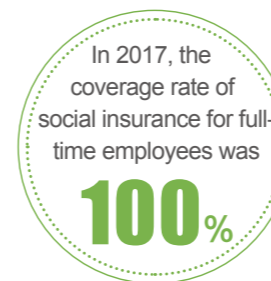


## Remunerations and Benefits

Lexin respects and safeguards the rights and interests of employees. We strictly follow the requirements of applicable laws and regulations, providing a safe and sound working environment, paying salaries according to contracts, and establishing a comprehensive employee remuneration and benefits system.

### Employee Remuneration and Benefits System

- Lexin sets salary levels according to employee position, and provides special bonuses including project bonuses, instant incentives, and mentorship bonuses;
- At the end of each year, the Company provides double pay and year-end bonuses to employees according to their performance. Executive managers and core employees can also enjoy stock option incentives;












- The company arranges pensions, medical insurance, maternity insurance, unemployment insurance, workers' compensation and housing support according to applicable laws and regulations. In 2017, the coverage rate of social insurance for full-time employees was 100%;
- The company provides budgets for annual team-building events, overtime meals, nightly transportation allowances, holiday gifts and many other unscheduled benefits;
- Apart from maternity leave, marriage leave, bereavement leave and annual leave stipulated by applicable law, the Company also provides holidays according to an employee's length of service, as well as three days of paid sick leave and extra paid leave for holidays such as China's Spring Festival.

## Lexin · Action

### Enjoyable Benefits and Worry-Free Work

In addition to remuneration, Lexin offers basic benefits to employees, which include a variety of support services, social activities and exclusive discounts. Lexin tries to ensure that every employee can work in a stress-free environment.

-  Annual Physical Examination and Health Care: Every regular employee is provided with an annual physical examination and unscheduled health workshops. In 2017, 100% of the Company's full-time employees had physical examinations;
-  Gifts: The company prepares special gifts for employee birthdays, Women's Day, the Dragon Boat Festival, the Mid-Autumn Festival and China's Spring Festival;
-  Benefit Days: The company holds special activities to provide discounts on such services as vehicle maintenance, dental care, catering, fitness coaching, and exclusive Company products;
-  Sports Clubs: The company organizes clubs for basketball, badminton, soccer, fitness classes, and other sports activities;
-  Recreational Facilities: The Company has a fitness center, library, table tennis room, and snooker room for employees to relax during break times;
-  Pantry: Cooking utensils and various drinks are provided in the Company's well-equipped pantry for employees during breaks;
-  Overtime Meals: The company provides meals for employees who work overtime;
-  Le Café: A cozy café for Lexin staff that serves various cakes, pastries, snacks, and refreshing drinks;
-  Travel Booking Platform: Employees can book business trips quickly and easily through the Company's internal platform. Business trip expenses are calculated and settled by the company monthly, and employees do not need to pay in advance out of their own pockets, saving time and hassle.

### Performance Management System

Performance management is one of the core elements in Lexin's human resources management, which influences the company's performance and management. During two performance assessments each year, we consider individual employee performance, organizational performance and the core responsibilities of each position to identify key metrics for evaluation. Department heads further communicate with their subordinates to agree on assessment indicators for all levels and positions in the Company.

Employee assessments are carried out via our proprietary performance system. Lexin rewards employees who display outstanding performance. Incentives include commendations, merit-based salary adjustments, promotions, year-end bonuses and stock options. For those who fall short of their expected performance, the Company provides them with a performance improvement plan.

Under the Company's performance management system, over 95% of employees have met or exceeded their performance goals. The Company's reward mechanism also constantly enhances employee engagement and satisfaction. Through performance assessment, the Company can identify top performing employees and encourage all employees to continuously challenge themselves. In this way, Lexin can maintain the vitality of its staff and advance from good to great.

### Staff Welfare

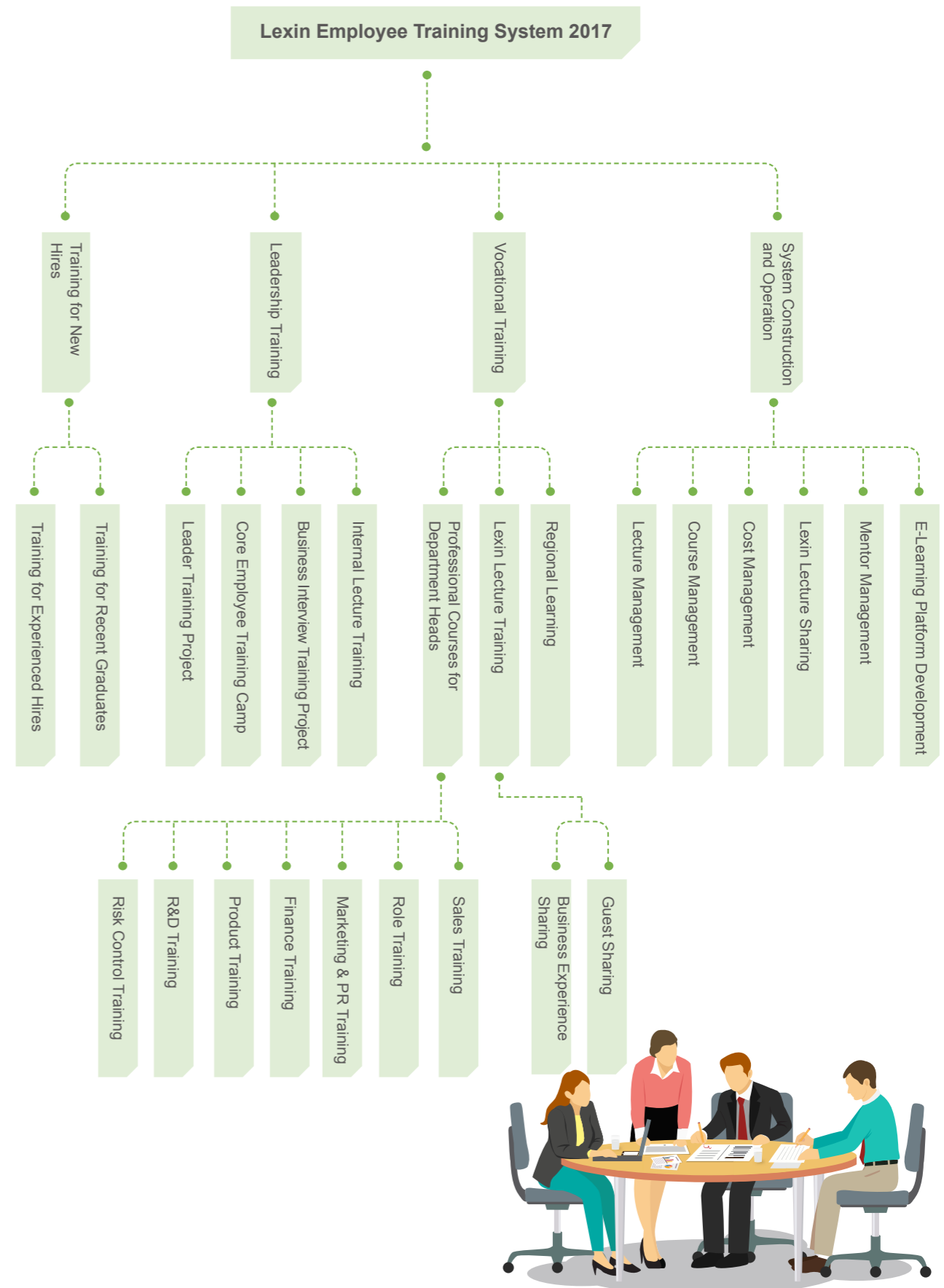
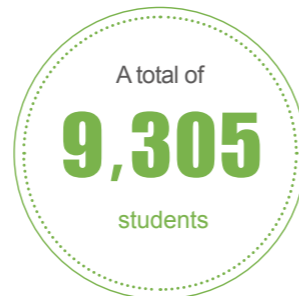




## Employee Training and Development

Lexin provides employees with an extensive development platform and a straightforward promotion channel. Employees can choose their own career paths we hope that each employee can find a role that makes full use of his or her talents while at the same time benefiting the Company meanwhile.

Lexin has established a comprehensive employee training system, Lexin University. This distinctive system offers training for new hires, leadership training and professional development. The system helps employees improve in a wide range of skill sets and help realize their personal development. As of November 2017, Lexin has invested more than RMB2 million in employee training. Last year there were an average of 31 training sessions per month for a total of 9,305 students.



## Lexin University

With the mission of "promoting professionalism of the team, supporting the development of talents, building a learning organization, and strengthening Lexin's core competitiveness," Lexin University is an employee training system with Lexin's corporate characteristics, and is available to all employees. There are multiple schools and a learning management center within Lexin University. The schools are responsible for building the Company's system of talent cultivation and development, and promoting the Company's institutional knowledge and experience. The center is responsible for talent cultivation and development, conveying our corporate culture, building the management platform of knowledge and learning, and supporting talent development.

The curriculum of Lexin University is mainly based on proprietary resources and supplemented by external resources. Based on real-world situations, the courses are conducted in the form of self-study, e-learning, face-to-face lectures, seminars, groups discussions, salons, role playing, and more. Incentives such as credits and bonuses are used to ensure the quality and professionalism of the courses and the enthusiasm of the lecturers. The training system of Lexin University is widely acclaimed by our employees.

Types	Pre-Placement Training		On-the-Job Training		
	Training for New Hires		Professional Knowledge Learning	General Ability Learning	Leadership Learning
Targeted Group	Recruited from Society	Recruited from Universities	On-the-Job Employees in Different Schools	On-the-Job Employees in Different Schools	Mangers with Great Potential
Methods	Organized by the center; New employees should complete the training within the first three months; Written applications are required in special cases.		Organized by schools; Compulsory courses must be finished on time while optional courses can be chosen according to employee needs.	Organized by the center or schools.	Organized by the center.

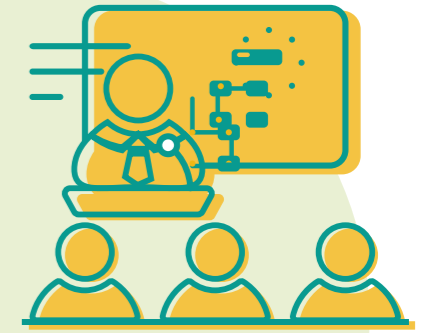


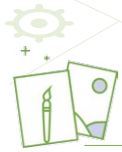
## Training for New Hires

In 2017, in addition to providing basic orientation and information security training for new employees, Lexin also implemented a mentorship program in which mentors provide support to new employees. The mentors help new employees assimilate into Lexin's corporate culture, become familiar with the working environment, and get up to speed in their new roles.

The mentoring period covers a new hire's first six months on the job. Following the principle of "proximity" and "ability matching", direct supervisors select mentors for new employees according to the needs of the role and of their departments. Mentors guide new employees to help them learn about their job responsibilities, skill requirements, department structure, workflow, colleagues, and other important matters. Mentors actively communicate with the new employees and share their own knowledge and practical experience. New employees can use their mentor relationships to help set work goals, get familiar with the office environment, and build their professional network.

Through the mentorship program, Lexin hopes to instill its corporate values and business philosophy in its new employees, while at the same time allowing the mentors to develop their coaching and organizational management abilities.





# Charity Programs for An Open and Harmonious Community



Adhering to the philosophy of "Financial Technology & Charitable Spirit", Lexin Charity takes the best of Lexin's advantages in products, technology and R&D to innovate the "Internet + Charity + X" program and create a community of charity for young people.

In 2017, Lexin Charity invested a total of RMB3 million and conducted a variety of charitable activities that were welcomed by employees and the wider community. Lexin was awarded the "Internet Charity Award 2017" by the Internet Society of China. Fenqile, the sub-brand of Lexin, was named "Charitable Model of the Year" in the "14th (2017) China Charity Ranking" held by China Philanthropy Times, an agency of China's Ministry of Civil Affairs. Lexin Charity also received two annual awards, "Innovation on Charity" and "Responsible Brand of the Year", at the 7th China Charity Festival.



## Lexin Charitable Foundation

In May 2017, Lexin established the Shenzhen Lexin Charitable Foundation. This groundbreaking step in the fintech industry marked a new milestone for Lexin in fulfilling its social responsibility, carrying out charitable activities, and promoting e-commerce charity ideas. In 2017, Lexin donated a total of RMB4 million to Lexin Charitable Foundation while the Foundation donated a total of RMB2.75 million to the community. By carrying out a series of charitable activities and targeted poverty alleviation, Lexin has shown its charitable spirit to the public.



## Targeted Poverty Alleviation

Poverty is a common worldwide problem and is a critical issue for the development of all mankind. In "The 2030 Agenda for Sustainable Development", the United Nations proposed "to eliminate extreme poverty among all people in the world by 2030". China attached great importance to the implementation of this agenda and issued the "Decision of the CPC Central Committee and the State Council on Eradicating Poverty in China" in which the government proposed "to lift rural poor under the current standard out of poverty by 2020". In addition, the government also issued the "Plan on Poverty Alleviation through the Internet" to emphasize the importance of the Internet as a leading force in targeted poverty alleviation.

Lexin Charity actively responded to the government's call and established information-sharing mechanisms with civil affairs bureaus of several provinces in China to carry out targeted poverty alleviation. Every year, Lexin Charity provides targeted assistance and special funds for people in poverty-stricken areas to help them rise out of poverty. By investing in infrastructure construction, Lexin Charity aims to promote local economic development and create a sustainable model for poverty alleviation.

On June 7, 2017, Lexin Charity donated RMB1 million to the "Dream Plan" established by the Guangdong Provincial Government and China Communist Youth League Committee of Guangdong Province. The fund is specifically used for the education of outstanding industrial workers in Guangdong, thereby helping new-generation industrial workers to improve their skills and better serve the industrial transformation in Guangdong.

On June 30, 2017, Guangdong Poverty Alleviation Day, Mr. Jay Wenjie Xiao, CEO of Lexin, was entrusted by the Shenzhen Nanshan District Civil Affairs Bureau to put forward charitable proposals to all donating organizations within the district, and donated RMB100 thousand for major disease treatment in the designated poverty-stricken area of Hengshui Village, Lianping County, Heyuan City.

### Lexin · Action

The Hengshui Village of Lianping County in Heyuan, Guangdong, is partnered with Nanshan District in Shenzhen. The Tianlaitang Hydropower Station is an important collective economics project in the three-year assistance plan for Hengshui Village. Various donating organizations invested RMB400 thousand in 2016 for renovation of the station, but the money was insufficient.

After conducting field research, Lexin Charity decided to donate RMB1.5 million to Hengshui Village for the renovation of the hydropower station. The renovation was largely completed in 2017 and the station had been put into use, bringing about RMB600 thousand per year in economic benefits to the local population and improving the quality of life of the local villagers tremendously.



## "Accumulated bit by bit · the Power of Youth"

As a charitable platform serving the young generation such as university students, the "Lexin Charitable Cross-Border Innovation Platform" pays special attention to matters of human development and focuses on education assistance, occupational health, and environmental protection. The platform supports a number of innovative charitable activities to enliven charity work and convey positive energy to the public.

Lexin Charity also keeps up with trends in economic development, and created the "Lexin Charitable E-Commerce Platform" to connect partnering brands with charity resources by way of Internet technologies and e-commerce operations, and to promote the development of charity through business.



### Lexin Charity Cross-Border Innovation Platform

Public participation is an important foundation for the sustainability of a charitable project. The public can no longer be passive bystanders but must actively participate in the sustainable development of society. Having observed this social phenomenon, "Lexin Charity Cross-border Innovation Platform" proposed a cross-border model of "Internet + Charity + X" to share ideas with people from all walks of life. By organizing a series of various and innovative charitable activities, Lexin Charity is making charitable work fun and is calling on the public to engage in charitable activity.

Lexin Charity has cooperated with many domestic charitable organizations, philanthropic foundations, and NGOs to help educate the public in this area while exploring the innovative model of "Internet + Charity + X" together and assembling high-quality resources to spread charitable ideas. Lexin Charity has established close relationships with the Central Committee of the Communist Youth League of China, the China Banking Regulatory Commission, the Shenzhen Mangrove Conservation Foundation, the China Youth Development Foundation, the Shenzhen Federation of Youth Entrepreneurship Promotion, and the China Financial Youth Federation, among others. In addition, Lexin Charity has cooperated closely with many famous brands to set up the "Lexin Charity Alliance" to launch charitable activities together.

Furthermore, by linking with Fenqile and other sub-brands, Lexin Charity has gathered a group of positive and energetic young people to work together. By accumulating good deeds every day, Lexin Charity strengthens the cohesion of the young generation and encourages more young people to transform their "charitable spirits" into "charitable actions".

## Lexin · Action

### “Refresh the Workplace · Pursue Your Dreams”

One of Lexin Charity's areas of focus is the development of new urban youth. According to “The Middle- and Long-Term Youth Development Plan (2016-2025)” issued in April 2017 and “Make the city more friendly to youth development and inspire youths to better promote the city's development”, a concept put forward by Shenzhen to build a city supportive of youth development, Lexin led a series of charitable activities in support of youth development.

On June 28, 2017, Lexin Charity worked jointly with the Shenzhen Federation of Youth Entrepreneurship Promotion, Home Link, SimplyWork and other partners to launch “Refresh the Workplace · Pursue Your Dream” – Public Services for New White Collar Workers (Shenzhen), a central resource that included HR policies, information on shopping installment plans, rental information, various entrepreneurial resources, and was made available through the official WeChat accounts of “Lexin Charity” and Fengqile, the Fengqile app, the official websites of the Shenzhen Federation of Youth Entrepreneurship Promotion, the Home Link app, and the SimplyWork app. The project was very popular among new white-collar workers in Shenzhen. In the future, Lexin Charity will continue to design more employment and entrepreneurship projects for young people and will look to expand the service to other cities.

## Lexin Charity E-Commerce Platform

Internet technology has transformed economic development. Today, consumer spending contributes 64.5% of GDP growth and online transactions account for 16% of total retail sales of consumer goods. E-commerce has become a new lifestyle.

In response to this new situation, the “Lexin Charity E-Commerce Platform” was established an Internet charity platform based on Lexin's ideals and practices. The platform is integrated with Fengqile, the sub-brand of Lexin, and connects partnering brands with high-quality philanthropic foundations, NGOs and other charity resources to form a cycle of “User Participation, Brand Cooperation, Charity Transformation, and Organizational Connection”. Lexin Charity is exploring new participation channels for charitable activities in the Internet era to raise the social power of charity.

The greatest feature of the “Lexin Charity E-Commerce Platform” is that it raises funds for charitable organizations with the technological means to track the flow of funding and comprehensively integrates the charitable resources of Lexin's partners to “collect goods and wisdom” for people in need.

## Lexin · Action

### Charity Innovation Mode of “E-Commerce + Charity”

With Lexin's strengths in fintech and e-commerce, the “Lexin Charity E-Commerce Platform” built the first online “charitable supermarket” in the Pearl River Delta region and provided supermarket coupons for people in need, initiating an innovative charity model of “E-Commerce + Charity”. This model has been incorporated into the “Poverty Alleviation with E-Commerce” seminar by the China Financial Youth Federation, which is one of only two companies in the Internet industry to have achieved this honor.

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## Appendix : GRI Standards

GRI Standards	Page
<b>General Disclosure</b>	
<b>Organizational Profile</b>	
102-1	8
102-2	8,30-35
102-3	10
102-4	10
102-5	8
102-6	8
102-7	8
102-8	44-45
<b>Strategy</b>	
102-14	4-5
102-15	14-15
<b>Ethics and Integrity</b>	
102-16	9
<b>Governance</b>	
102-18	10,13
102-21	18-19
102-22	13
102-23	13
102-24	13
102-29	18-19
102-30	15
102-33	18-19
102-35	46-47
<b>Stakeholder Engagement</b>	
102-40	18-19
102-42	18-19
102-43	18-19
102-44	18-19
<b>Reporting Practices</b>	
102-45	1
102-46	16-17
102-47	16-17
102-48	1
102-50	1
102-52	1
102-53	60
102-55	59

GRI Standards	Page
<b>Topic-specific Disclosures</b>	
<b>Economic</b>	
<b>Economic Performance</b>	
Management Approach	8
201-1	8
<b>Indirect Economic Impacts</b>	
Management Approach	56-57
203-1	56-57
203-2	56-57
<b>Anti-corruption</b>	
Management Approach	14
205-2	14
<b>Environmental</b>	
<b>Energy</b>	
Management Approach	40-42
302-1	42
<b>Biodiversity</b>	
Management Approach	43
304-2	43
<b>Social</b>	
<b>Employment</b>	
Management Approach	44-48
401-1	44
401-2	44-48
<b>Training and Education</b>	
Management Approach	50-53
404-2	50-53
<b>Diversity and Equal Opportunity</b>	
Management Approach	44-45
405-1	45
<b>Local Communities</b>	
Management Approach	56-57
413-1	56-57
<b>Customer Privacy</b>	
Management Approach	35