

China Minsheng Banking Corp., Ltd.

**2021 Environmental, Social and Governance
Report**

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I. About the Report

Introduction

This Report aims to disclose the environmental, social and governance (ESG) management and performance of China Minsheng Banking Corp., Ltd. (hereinafter referred to as “China Minsheng Bank” or “the Bank” in this Report) and thus, to enhance full understanding and communication between various stakeholders and the Bank. This Report should be read together with the “Corporate Governance” section in the *2021 Annual Report of China Minsheng Banking Corp., Ltd.* and the *2021 Corporate Social Responsibility Report of China Minsheng Banking Corp., Ltd.* for a more comprehensive understanding of the Bank’s practices and achievements in the ESG field.

Reporting Period

Unless otherwise specified, this Report covers the period from 1 January 2021 to 31 December 2021. This may, however, include certain information beyond this period for the comparability and completeness of the Report.

Reporting Boundary

Unless otherwise stated, the disclosure scope of this Report includes the head office and the branches and sub-branches of China Minsheng Banking Corp., Ltd. The reporting boundary of relevant data and the calculation methodologies are specified in the Report.

Basis for Preparation

This Report complies with the *ESG Reporting Guide* set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The reference to the *ESG Reporting Guide* is attached as appendix in the Report. This Report has complied with the “Comply or explain” provisions set out in the *ESG Reporting Guide*.

Reporting Principles

This Report strictly follows the materiality, quantitative, balance and consistency principles of the *ESG Reporting Guide*.

The materiality of the contents of this Report has been systematically assessed,

which included identification of the Bank's ESG issues, assessment of their importance, relevance and scope, and review and response to stakeholders' concerns about the Bank's ESG work. This Report covers important matters related to different stakeholders. Details of the materiality assessment and the main communication channels for stakeholders are disclosed in "Stakeholder Engagement".

Referring to applicable quantitative standards and practices, this Report discloses applicable key performance indicators ("KPI") by using quantitative methods and explains the measurement criteria, methods, assumptions and/or calculation tools, as well as sources of conversion factors used (if applicable) in respective sections. This Report has been prepared in the same way as in previous years, and any changes that might affect meaningful comparisons with previous reports have been explained in respective sections.

Confirmation and Approval

This Report was deliberated and approved at the 19th meeting of the 8th Session of the Board of Directors of the Bank on March 29, 2022.

II. About China Minsheng Bank

China Minsheng Bank was formally established in Beijing in 1996. It is China's first national joint-stock commercial bank that was initiated and established mainly by non-state-owned enterprises (NSOEs). It is a modern financial institution established strictly in accordance with the *Company Law* and the *Commercial Bank Law of the People's Republic of China*. Since its establishment, along with the rapid development of China's economy, China Minsheng Bank has been adhering to the mission of "Serving the public, caring about people's livelihood", forged ahead with the spirit of pioneering and innovation, and developed into a banking group with commercial bank, financial leasing, fund management, overseas investment bank and other financial licenses. Moreover, it becomes an important financial force to support the development of the real economy, ranking 26th among the 2021 "Global 1,000 Banks" of *The Banker* (a British magazine) and 224th among the 2021 "Global 500" of *Fortune* (an American magazine).

On 19 December 2000, A shares of China Minsheng Bank (stock code: 600016) were listed on Shanghai Stock Exchange. On 26 November 2009, H shares of China Minsheng Bank (stock code: 01988) were listed on Hong Kong Stock Exchange. Since its listing, China Minsheng Bank has continuously improved its corporate governance, returned to the service origin and strengthened basic services, expanded basic customer groups, focused on key areas, and optimised its business structure while innovating business models and products and services. It has maintained a steady and positive development momentum.

III. ESG Management

Committed to establishing a high-level ESG management system, the Bank constantly improved its ESG governance structure, strengthened the implementation of ESG concept and innovated ESG practices to fully integrating ESG into corporate governance and operation management, so as to continuously improve the level of ESG management.

During the reporting period, the Bank initiated the application process for joining UN Environment Program Finance Initiative (UNEP FI) and signing the *Principles for Responsible Bank*, in an aim to further fulfill its social responsibility for sustainable development, promote the transformation and upgrading of operation management and high-quality development, and enhance the corporate value and brand image through actively meeting international standards for sustainable development.

ESG Management Strategy

2021 was the opening year of the “14th Five-Year Plan, and China Minsheng Bank has also entered a new round of strategic period of development (2021-2025). In August 2021, the Board of Directors deliberated and approved the *Five-Year Development Plan of China Minsheng Bank (2021-2025)* and formulated the action plan for the transformation and development of the Bank in the future. It clarified the mission of “Serving the public, caring about people’s livelihood”, the vision of “Becoming a time-honoured bank”, the value of “Customer-first--integrity, innovation, efficiency, win-win, stability”, the development goal of “Building a first-class commercial bank with distinctive features, continuous innovation, increasing value and steady operation” and the strategic positioning of becoming “a bank for the NSOEs, an agile and open bank, and a bank with considerate services”.

Based on the new development stage, the Bank actively promoted the integration of ESG concept into operation management and constantly improved the level of ESG governance while earnestly performing environmental responsibilities and creating social value.

In terms of governance, the Bank complied with relevant national and local laws

and regulations, constantly improved corporate governance operating mechanism, and actively explored the development of a modern corporate governance system which met regulatory requirements and reflected the Bank's unique characteristics. The Bank continuously strengthened internal control compliance and risk prevention capabilities, effectively promoted the anti-corruption and anti-money laundering ("AML") compliance systems, and constantly improved the mechanism of information disclosure, and promoted the establishment of a sound communication mechanism with the stakeholders.

In terms of the environment, focusing on the core strategy of improving green finance, the Bank adhered to green development and made full use of the financial leverage role to help achieve the goal of "carbon peak and neutrality". The Bank paid attention to preventing environmental risks, restricted credit placement to high-polluting and high energy-consuming industries, and expedited exit from non-productive enterprises. Focusing on energy conservation and emission reduction, clean energy, carbon emissions trading, low-carbon technologies and green living, the Bank built a green financial ecosystem, upgraded the system of green financial products, and continued to increase strategic investment. Meanwhile, the Bank advocated green office, practiced green operation and promoted suppliers to implement environmental and social responsibilities through green procurement.

In terms of society, the Bank strengthened product innovation, increased the application of digital products, and optimised service quality while addressing consumer rights protection, constantly improving customer experience and serving customers attentively. The Bank attached great importance to talent development and the protection of employees' legitimate rights and interests. Employees' development-oriented, the Bank selected and employed talents in an accurate and scientific manner, strengthened the training and incentives for young talents, and provided them with broader spaces for learning and development, to help them realise their personal value. Moreover, the Bank actively undertook social responsibilities, practiced inclusive finance, supported rural revitalisation, and continued to invest in public welfare undertakings with in-depth and refined efforts, while continuously strengthening communication with communities to support their development

and thus create social value.

ESG Governance Structure

Statement of the Board of Directors

The Board of Directors of the Bank comprehensively supervises the implementation of ESG policies and planning to improve the sustainable development capabilities of the Bank. It reviews ESG reports regularly, researches and discusses on ESG issues, guides and supervises the management to carry out ESG related works. The Strategic Development and Customer Rights Protection Committee under the Board of Directors is responsible for reviewing matters related to the performance of social responsibilities in economic, environmental and social and public welfare undertakings, providing professional opinions and suggestions to the Board of Directors and following the implementation of policies and planning. Moreover, it supervises the implementation results and assists the Board of Directors to supervise the management to carry out ESG related works.

In March 2021, the Strategic Development and Customer Rights Protection Committee of the Board of Directors and the Board of Directors deliberated and approved the *2020 ESG Report of China Minsheng Bank*, clarifying ESG management strategies and important topics. Fully understanding the effectiveness and progress of the Bank's ESG work, the Board of Directors takes the best practices of global peers as the goal of ESG work, and works with the management to improve consumer rights protection, green finance and inclusive finance and others. During the reporting period, the Board of Directors deliberated and approved the *Five-Year Development Plan for Consumer Rights Protection of China Minsheng Bank (2021-2025)*, the *Five-Year Plan for Green Finance Development of China Minsheng Bank (2021-2025)*, and the *Five-Year Development Plan for Inclusive Finance of China Minsheng Bank (2021-2025)*, and regularly listened to relevant work reports to continuously improve ESG quality and efficiency.

ESG Working Mechanism

The Bank continues to improve the ESG working mechanism to ensure that

ESG risks involved in businesses can be properly managed, and the ESG responsibilities can be effectively fulfilled. The Bank has established a three-level working mechanism of “decision-making - management - execution”, set up an ESG leadership team with chairman of the Board as the team leader and the president as the deputy team leader, and founded an ESG working group composed of relevant departments to manage and organise ESG work from three levels of overall planning, coordinated promotion and implementation respectively.

Stakeholder Engagement

The Bank actively communicates with the stakeholders to understand and respond to their needs by establishing a long-term communication mechanism, and takes their key ESG concerns as the direction of actions and the reference for disclosures in the reports. According to the ESG Reporting Guide, the Bank has set up different communication channels based on its own business characteristics and the characteristics of stakeholders to understand their main ESG concerns. The table below sets out the major stakeholders, their main ESG concerns and the relevant communication channels.

Major Stakeholders	Main ESG Concerns	Major Communication and Response Channels
Government and Regulators	Support for NSOEs, operation compliance, green finance, customer service, rural revitalisation, and business ethics	Policy consultations, work reports, information disclosures, routine inspections, regulatory meetings, carbon verification
Investors/Shareholders	Operation compliance, green finance, customer service, employee development, digital finance, and business ethics	Shareholders' general meetings, information disclosures, regular announcements, investor hotline
Customers	Customer service, digital finance, operation compliance and business ethics	Customer satisfaction survey, 95568 hotline, complaint at lobby, complaint by letters and visits

Employees	Employee development, digital finance, and energy conservation and emission reduction	Employee congress, employee activities, employee happiness index survey
Community and NGOs	Support for NSOEs, green finance, inclusive finance, rural revitalisation and public welfare and charity	Volunteer activities, community education, environmental protection actions
Suppliers	Operation compliance, business ethics, and energy conservation and emission reduction	Open bidding process, supplier reviews, supplier hotline

During the reporting period, to deeply and fully understand the feedback on the materiality of ESG issues of the Bank from internal and external stakeholders, the Bank conducted a questionnaire survey for stakeholders such as shareholders and institutional investors, customers, suppliers and employees to invite them to evaluate the materiality of ESG concerns from their own perspective. As a supplement to the feedback of daily communication channels, this questionnaire survey provided help and guidance for the assessment of the materiality of ESG concerns of the Bank.

Based on the ESG Reporting Guide and the concerns and suggestions of the Bank's Board of Directors, the management, employees and major external stakeholders, the Bank has identified and evaluated 11 important ESG topics (listed by importance): "Support for NSOEs", "Inclusive finance", "Operation compliance", "Green finance", "Customer service", "Rural revitalisation", "Energy conservation and emission reduction", "Business ethics", "Employee development", "Digital finance" and "Public welfare and charity". The content related to each topic are systematically described in this Report.

IV. Customer-First, Considerate Services for Win-Win Situation

Based on the strategic positioning of becoming “a bank for the NSOE, an agile and open bank, and a bank with considerate services”, the Bank gave full play to the characteristics and advantages of serving the NSOEs and the medium, small and micro enterprises, fully supported the development of the real economy and actively practiced inclusive finance. Meanwhile, the Bank continued to explore and innovate business models, improved service capabilities and sped up the all-round digital transformation, while striving to provide customers with digital, professional and comprehensive financial services and creating an open bank that upholds coexistence, sharing and win-win cooperation.

Supporting NSOEs

The Bank is committed to supporting the development of NSOEs. Through product innovation, model exploration, classified management, comprehensive services, etc., the Bank has established a multi-level financial service system covering small and micro enterprises, small and medium enterprises (SMEs), and medium and large enterprises, as well as enterprises in the ecosystem chains, to set up win-win partnerships with NSOEs, improve professional service capabilities and help them develop steadily and sustainably.

The Bank fully implemented its strategic policies of supporting NSOEs in the following three aspects:

Segmenting NSOE Customer Groups

- Dug into customers' needs, clarified matching supporting products and models for customer groups in key segmented areas, including advanced manufacturing industry, sci-tech industrial parks, and the “dedicated, refined, distinctive and innovative” SMEs listed on the Beijing Stock Exchange, and improved the levels of services and supports for NSOE customers in the relevant areas.

Enhancing the Comprehensive Service Capacity for Strategic NSOEs

- Proactively expanded strategic partnerships, provided integrated services for enterprises, and helped and guided customers achieving resource integration and laid a sound foundation for promoting win-win cooperation between the Bank and enterprises.

Advancing Featured Services for SMEs

- Explored innovative business models for SMEs, and promoted the “Joint Hands Plan”, “SME Credit Plan” and “Sparks Plan”.
- Continued to dig into the demand scenario of SMEs in industrial parks, explored to optimise the comprehensive service model for industrial parks, and improved the depth and breadth of services for SMEs in the parks in an all-round manner.
- Launched basic product packages for the entire life cycle of medium, small and micro enterprises, to continuously enhance their financial service experience through technology empowerment.

Practicing Inclusive Finance

The Bank actively implemented national policies by formulating the *Five-Year Development Plan for Inclusive Finance of China Minsheng Bank (2021-2025)* to strengthen the strategic deployment of inclusive finance, innovate support measures and increase investments while improving service capacity and facilitating common prosperity.

Inclusive Finance Service

During the reporting period, the Bank mainly practiced inclusive finance from the following three aspects:

Optimising Systems and Mechanism	Improving Internal Incentive Mechanism	Innovating Products and Services
<p>Strengthened the “business line-based” management and the “five professional” operation mechanisms of inclusive finance, promoted efficient synergy between organisation structure and business development, enhanced special resource allocation support, intensified innovation-driven development to build a comprehensive financial service system.</p>	<p>Improved the mechanism of “daring to lend and willing to lend”, formulated detailed implementation rules for exempting liabilities in performing due diligence on granting credit to small and micro enterprises, and guided those engaged in small business finance to intensify business expansion and innovation-driven development under the premise of compliance and responsibility fulfillment.</p>	<p>Accelerated the innovation-driven development and the digital transformation, launched competitive products including Cloud Express Loan, Cloud Enterprise Loan and Bank Statement-Based Loan, iterated credit products including Micro Credit Loan, Online Credit Loan and Value-Added Loan, and further promoted the convenient services including loan renewal without principal repayment, to optimise customer experience.</p>

During the reporting period, the Bank set up a total of 141 branch-level institutions, including 42 tier-1 branches (including Hong Kong Branch) and 99 tier-2 branches (including remote sub-branches), realising full coverage of provinces, autonomous regions, municipalities directly under the Central Government and cities under Central Planning. There were 2,407 sub-branch outlets and community outlets, and 5,142 self-service equipments. In order to ensure that financial services benefit more underdeveloped areas and further expand the coverage of financial service channels, the Bank carried out outlet construction planning in the areas where branches were newly established. During the reporting period, the Bank pushed forward farmer-benefiting operations, in accordance with the principle of "consultation and cooperation, selection of the best and risk control", the Bank developed and cooperated with merchants in rural areas to set up outlets for farmer-benefiting services, and installed electronic equipment and devices, including but not limited to POS terminals, intelligent terminals, self-service inquiry machines and other hardware and software equipment, and provided customers with basic financial services such as rural aid withdrawal, cash remittance, transfer and remittance, transfer of demand deposits to time deposits, and balance inquiry, in villages and towns and rural areas without outlets. As at the end of the reporting period, there were 51 contracted bank card withdrawal service points of farmer-benefiting services, serving more than 23 thousand customers.

The Bank strengthened the innovation-driven cooperation of building up strategic alliance with leading platforms in other industries to provide more convenient financial services and broaden the financial service channels. For example, the Bank cooperated with SF Express to reach more customers through its couriers, and attracted customers to apply for co-branded credit cards with exclusive customized benefits. As at the end of the reporting period, this model had provided financial services to nearly 50 thousand customers.

To outreach customers with insufficient financial services, the Bank innovatively launched the payroll agency service for Class II electronic accounts to better support labour outsourcing employees, migrant workers and construction workers to open accounts online by scanning codes. Meanwhile, along with the Cloud Wallet functions, the Bank provided customers with one-stop financial services including payroll agency, wealth management products and consumer credit, to effectively solve the problem of account opening among dispersed labour groups and facilitate them with abundant financial services. At present, there are more than one thousand enterprises paying salaries through the Bank's electronic accounts, providing online account opening and salary payment convenience for hundreds of thousands of customers.

During the reporting period, the Bank was awarded the “Top Ten Banks for Inclusive Finance Service Innovation” in the “2021 Financial Innovation Awards” by *The Chinese Banker*.

Facilitating Small Business Financing

The Bank actively implemented the guidance of national policies, practiced the development strategy of inclusive finance, firmly supported the development of the real economy and strengthened customer segmentation and insight while promoting the innovation and breakthrough in operation management modes of small business finance. The Bank built a new service ecosystem of openness, cooperation and win-win situation by closely focusing on the business circle and life circle of small and micro customers, adhered to the integrated development of medium, small and micro enterprises, and actively promoted digital transformation and online inclusive finance.

To improve the quality and efficiency of serving small and micro enterprises,

the Bank innovated, optimised and iterated small and micro credit products, and enriched the product series. Moreover, the Bank launched the “Minsheng Small Business” App to improve online service capabilities and expand customer service channels. The Bank optimised business processes to improve customer experience while formulating specialised service plans for the first-time loan applicants of small and micro enterprises, manufacturing enterprises, sci-tech innovation enterprises, and new agricultural operators in rural revitalisation.

The Bank actively served small and micro customers and achieved high-quality development of inclusive finance, promoting common prosperity. As at the end of the reporting period, the balance of inclusive small business loans reached RMB504.815 billion, with a growth rate of 12.59%. During the reporting period, the accumulative amount of inclusive small business loans reached RMB570.529 billion.

The Bank actively responded to the national call for reducing fees and surcharges, strictly implemented the relevant regulations of the national price authorities and the regulatory authorities on regulating the service price management of commercial banks and the charges for credit financing of small and micro enterprises, and updated its service price catalogue on a timely basis, while posting the relevant public notices to customers through official website, business outlets and other channels. By optimising the pricing management mode of small business loans, the Bank reduced the financing costs of small and micro enterprises. At the same time, the Bank lowered the fees for payment and settlement of small and micro enterprises, self-employed households and small and micro business owners, offering active discounts and exemptions to small and micro enterprises on account opening fees and corporate online banking transfer fees, so as to thoroughly reduce the comprehensive operating costs and financing costs of small and micro enterprises, and improve the sense of gain and satisfaction rate of services to small and micro enterprises.

Supporting Rural Revitalisation

The Bank effectively combined the consolidation of poverty alleviation achievements with rural revitalisation and established a leading group for rural

revitalisation. The Bank issued policy documents such as the *Guiding Opinions on Promoting Financial Services for Rural Revitalisation in 2021*, and established a performance appraisal system for financial support for agriculture, provided preferential policies for financial assistance loans and continued to raise the tolerance rate of non-performing loans (NPLs) to agriculture, rural areas and farmers. The Bank improved the management policies for exempting liabilities in performing due diligence and vigorously promoted the implementation of financial assistance. As at the end of the reporting period, the balance of loans to areas lifted out of poverty was RMB40.88 billion, representing an increase of RMB5.91 billion, or 16.9% from the end of the previous year.

The Bank strongly supported the building of “Beautiful countryside” and new countryside. Answering the national call for facilitating the financial development of rural areas, since September 2008, the Bank has invested a total of RMB1.35 billion to initiate and establish 29 rural banks, in an aim to tap into regional markets while improving service levels and constantly exploring sustainable business models. These efforts have been well acclaimed by the customers, peers, the government and the public society. As at the end of the reporting period, the Bank had a total of 84 rural bank outlets, with a total loan balance of RMB24.472 billion.

The Bank took effective steps to ensure the development of basic financial services in rural areas, and established 5 new county level sub-branches during the year. The Bank encouraged branches to set up community outlets in villages and towns with large population and insufficient service coverage. The Bank developed basic financial products such as the “Minsheng Farm Card” and the “Rural Revitalisation Card”, and actively mobilised customer and information resources to help enterprises in areas lifted out of poverty solve development bottlenecks in terms of funds and sales.

The Bank actively promoted the integration and coordination between inclusive finance and rural revitalisation, vigorously innovated typical models of financial assistance, accelerated product development and model innovation by launching products such as "Agricultural Loan Express" and “Photovoltaic

Loan” and exploring small amount credit model to realise the optimisation of small and micro credit policies and products and systems. Meanwhile, the Bank further increased loan support to areas lifted out of poverty, enterprises under assistance and households lifted out of poverty to help achieve common prosperity. The Bank sped up the realisation of “carbon peak and neutrality” in the western region by launching the product of “Photovoltaic Loan” and helped households lifted out of poverty create stable income. Relying on the product of “Agricultural Loan Express ” and big data technology, the Bank broke down the data barriers to improve capital accessibility for people lifted out of poverty. Through the innovative business model of “Agricultural Chain Express”, the Bank expanded the agricultural supply chain finance to further provide financial support for ranches in Inner Mongolia. Moreover, the Bank launched the product of “E-Grain Finance” to provide whole-process services for grain crop planting, maintenance and trading in northern Henan, and help farmers in counties of paired-assistance stabilise and increase income. During the reporting period, the Bank's “Agricultural Loan Express ” product was selected as a typical case of rural revitalisation through inclusive financial services by China Banking Association.

Providing Quality Services

Guided by the value proposition of “customer-first”, the Bank continued to improve customer service capabilities, focused on customer empowerment, and provided differentiated financial services for segmented customer groups. At the same time, the Bank continuously strengthened consumer rights protection and adhered to planning guidance, system and mechanism optimisation, complaint management reinforcement, and enriched internal publicity and external education, and continued to improve the effectiveness of consumer rights protection. The Bank has introduced a complaint monitoring and analysis mechanism, improved complaint management capabilities, enhanced the complaint assessment indicator system, iterated the complaint system, so as to further improve customer satisfaction and customer experience with quality service.

Consumer Rights Protection

Centring on the overall working idea of “Promoting the concept of consumer rights protection, improving systems and mechanisms, strengthening process control, optimising complaint handling and accelerating team building”, the Bank has strengthened the top-level design, optimised the system and mechanism and enhanced the awareness of consumer rights protection to promote the steady and healthy development of business.

In terms of strategic planning, the Bank has incorporated the protection of consumer rights into the *Five-year Development Plan of China Minsheng Bank (2021-2025)*, and deliberated and approved the *Five-year Development Plan China Minsheng Bank on Consumer Rights Protection (2021-2025)*, providing overall guidance for the protection of consumer rights.

In terms of management mechanism, the Bank has clearly defined the responsibilities of the Board of Directors, the Board of Supervisors, the management and the functional department of consumer rights protection, so as to properly manage consumer rights protection, promote the effective implementation of all works and facilitate the realisation of related goals.

In terms of daily management and implementation, the Bank fully implemented the laws and regulations and the regulatory requirements such as the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, the *Implementation Measures of the People's Bank of China on Protecting Financial Consumers' Rights and Interests*, the *Guidelines for the Protection of Consumer Rights and Interests by the Banking Industry*, and the *Guiding Opinions on Strengthening the Working Systems and Mechanisms for the Protection of Consumer Rights and Interests by Banking and Insurance Institutions*. During the reporting period, the Bank formulated and revised a number of internal control systems for consumer financial rights protection, covering consumer financial rights protection review, consumer financial information protection, marketing and promotion of personal financial products and services, information disclosure of personal financial products and services, education and promotion, multi-party dispute resolution, and emergency management and assessment on major incidents of consumer rights

protection, in a aim to enhance the refined management of consumer financial rights protection in an all-round way. By carrying out comprehensive, hierarchical and multi-field training on consumer rights protection, the Bank delivered the concept and requirements of consumer rights protection to all types of employees, including those from retail teams of sub-branches who provided services for personal customers, and from the consumer rights protection line from the relevant department and business department, to continuously improve employees' professional capabilities in carrying out consumer rights protection and providing financial service. The training content included consumer rights protection system and policy interpretation, system operation demonstration, complaint handling, work sheet processing, product promotion and marketing material management, lobby services, account risk prevention and control, anti-gambling and anti-fraud, and personal documentation authentication, etc.

Advertising Policy. The Bank has formulated the *Administrative Measures on Consumer Rights Protection in Marketing and Promotion of Personal Financial Products and Services of China Minsheng Bank*, *Administrative Measures on the Review of Consumer Rights Protection of China Minsheng Bank*, and the *Administrative Measures on Brand Building of China Minsheng Bank*. These documents clearly stipulated that the release of the advertisements should conform to the advertising laws without exaggerated or false promotion. It was made clear that financial marketing and promotion should be carried out in compliance with laws and regulations, the rights of individual consumers, such as the right to know, the right to make own choices, the right to be respected and the right to enjoy financial information security, should be guaranteed to effectively safeguard the legitimate rights and interests of consumers. It was required that the promotion text of products and services should be included in the scope of review of consumer rights protection. Branches and sub-branches at all levels should conduct reviews of consumer rights protection in a segmented and layered manner, and identify and alert potential risks. It was also required that the promotional materials used for online marketing campaigns should be reviewed by the departments of consumer rights protection and legal compliance, to prevent the risk of

infringing consumer rights at the very beginning, so as to improve the standardization of consumer rights protection of the promotional materials of front-line marketing activities.

Product and Service Reviewing. In accordance with the relevant rules including the *Guidelines for Financial Innovation of Commercial Banks* issued by the China Banking and Insurance Regulatory Commission, the Bank formulated the *Measures on Innovation Management of China Minsheng Bank* and set up the Product and Business Innovation Management Commission to carry out all kinds of innovation work under the leadership of the Board of Directors and the management. As the highest leading body for innovation management of the Bank, the Board of Directors is responsible for formulating the innovation and development strategies of the Bank and the risk policies in line with the innovation and development strategies, monitoring and supervising the implementation of strategies and policies, and reviewing and approving business contingency plans and continuity plans. It also responsible for regularly reviewing and approving innovation-related policies and risk limits of various product innovations, supporting the management to provide sufficient funds and qualified professionals for innovation and development, and ensuring effective implementation of strategies and managing risks arising from the innovation process.

Flexible Loan Plan Modification. The Bank clearly stipulated that in case of any changes in personal or family income status or financial conditions, customers may contact with the Bank by themselves to modify the loan plan within the credit period. Consumers may also make advance repayment through the self-service channels of the Bank at any time, and are entitled to enjoy approval exemptions and other policies as appropriate. The Bank also applied a number of products and services, such as active credit renewal, prioritised credit renewal, distinctive and exclusive services, regular customer care and financial product promotion, in a targeted manner according to customer classification to improve service quality.

Debt Collection. The Bank formulated the *Administrative Measures on the Collection and Liquidation of Retail Credit Business and the Disposal of Non-*

Performing Assets of China Minsheng Bank and the Administrative Measures on the Personal Consumer Credit Business of China Minsheng Bank, continued to promote the construction of the monitoring and early warning management system for retail credit business, and constantly improved the debt collection management system. The Bank addressed on consumer financial rights protection, and carried out collection in strict compliance with the national laws, rules and regulatory regulations, as well as the relevant regulations of the Bank's consumer rights protection policies, so as to protect the legitimate rights and interests of consumers. The Bank has formulated business implementation rules for debt collectors of credit card business to clarify collection operation standards, and prohibit illegal and violent debt collection. During the COVID-19 pandemic, while actively implementing the requirements for pandemic prevention and control, the Bank continued to implement the care policy based on the actual situation of customers to reduce their pressure of credit card repayment.

Customer Service Management

Adhere to the customer-centric philosophy, the Bank deeply understood customer needs, and comprehensively improved customer service capabilities. The Bank strengthened the management of remote banking, outlet and lobby services and complaint by letters and visits to actively respond to customer demands, optimise customer experience, and constantly improve customer satisfaction.

95568 Customer Service Hotline

95568 customer service hotline is a telephone service system that provides services, consultation, complaint reception and suggestions for individual customers, and is committed to providing 365-day and 24-hour non-stop and one-stop customer service. According to the industry standard in the *Statistical Classification and Coding of Complaints Filed by Financial Consumers (Banking Financial Institutions)* of the People's Bank of China, the Bank refined the 95568 customer service hotline complaint grading and classification criteria, graded and classified complaint data on a monthly basis, and supervised and urged relevant departments to improve the efficiency of

complaint handling. At the same time, for complaints that have been handled, the Bank carried out return visits on customer satisfaction and urged the relevant departments to continuously enhance service quality.

Outlet and Lobby Services

In order to improve customer service quality of physical outlets and standardise the customer complaint management at outlets, the Bank has benchmarked its existing policies against the regulatory requirements including the *Implementation Measures of the People's Bank of China on Protecting Financial Consumers' Rights and Interests* and the *Civilised and Standardised Service Evaluation Index System and Scoring Standards for Banking Outlets*, and incorporated the relevant service contents into its outlet channel complaint management and monitoring indicators system of basic services. Besides, the Bank has formulated the *Administrative Measures on Customer Complaints at Outlets of China Minsheng Bank (Trial)*, which set out clear specifications and requirements for the process of handling customer complaints at outlets and the timeliness of complaint handling. The Bank strengthened the public notice of complaints at outlets by implementing the relevant requirements, effectively improving the quality of customer complaint management at outlets and protecting customers' rights and interests.

Online Retail Services

The Bank gave full play to the advantages of mobile banking as the primary platform for serving customers, and strove to build a distinctive online retail platform to strengthen capability for comprehensive mobile financial services. During the pandemic, the Bank launched various special services through mobile banking, Internet banking, WeChat banking and other online platforms and built a “Anti-Pandemic Zone” on mobile banking to meet the needs of customers for making donations, daily consumption and other fund transfer needs. The Bank launched remote contract signing for small business loans in response to the urgent needs of medium, small and micro enterprises amid the inconvenience of going out during the pandemic, facilitating the resumption of work and production. During the reporting period, the number users of online retail platform reached 93.55 million, representing an increase of 14% YoY. The

substitution rate of online retail platform was 98%, and the number of monthly active users of online retail platform was 26.34 million, representing an increase of 22% over the end of the previous year.

Online Corporate Services

The Bank optimised and upgraded online corporate financial services, launched the brand of “Minsheng E-Enterprise”, and satisfied customers’ needs for multi-channel financial services with the service system of “three banks (mobile banking, online banking and WeChat banking) + bank-enterprise direct connect). The Bank built the corporate online banking 3.0, and realised intelligent service process through the unified user system of corporate pass. The Bank launched the corporate mobile banking 3.0, creating customised mobile financial services for different enterprises. The Bank built the corporate WeChat banking 3.0, creating a new mode for online account opening. The Bank also established a full life cycle management system for bank-business direct connect, and worked with UFIDA to launch test-free services for bank-enterprise direct connect for the first time. During the reporting period, the number of online corporate platform users reached 2.97 million, representing an increase of 13% YoY. The number of monthly active users of online corporate platform reached 990 thousand, representing an increase of 230 thousand over the end of the previous year. The accumulated transaction amount on the corporate online financial platform amounted to RMB67 trillion, representing an increase of 14% YoY. The number of customers of bank-enterprise direct connect was 3.3 thousand, with annual daily average deposits of RMB770.7 billion.

Complaint Management

In accordance with the *Implementing Measures of the People’s Bank of China for Protection of Financial Consumers’ Rights and Interests* and the *Administrative Measures on Complaints Handling of Banking and Insurance Institutions*, the Bank has formulated the *Administrative Measures on Complaints Handling of China Minsheng Bank* and other complaint handling systems, which detailed the complaint handling process, time limits and other requirements and specified the Consumer Rights Protection Department as the

overall administrative department, which is responsible for supervising and analysing the consumer complaints handling, establishing and implementing complaint monitoring and analysis mechanism, improving complaint assessment index system and continuously optimising and iterating the complaint system, in an aim to enhance the complaint management capability and improve consumer satisfaction.

Consumers may make complaints through service hotline and complaints hotline, online customer services on the official website, WeChat customer service, service supervision email or at the Bank's outlets. Upon receipt of consumers' complaint, each complaint receiving channel department delivers it to the relevant responsible departments on a timely basis for handling. The responsible department then investigates and verifies the complained matters in accordance with the relevant requirements, makes decisions and responds to the consumer within the time limit. In case of any objection against the results, according to regulatory provisions and the Bank's relevant management regulations, consumers have the right to apply for a re-inspection by the superior authorities of the responsible department, or to resolve the dispute through mediation, arbitration and litigation, etc.

In order to improve dispute resolving mechanism and capability, the Bank has formulated the *Guidance on Handling Repeated Complaints in a Timely and Appropriate Manner to Prevent and Resolve Material Risks*, the *Administrative Measures of China Minsheng Bank on Diversified Resolving of Financial Consumer Disputes*, the *Emergency Plan of China Minsheng Bank for Handling Material Consumer Complaints*, the *Administrative Measures of China Minsheng Bank on Material Consumer Complaints Emergency* and other related systems. In addition, the Bank posted public notices regarding the complaints hotline and the handling process on the official website, mobile banking App and WeChat public account and other channels.

To ensure the compliance of complaint handling with laws and regulations, the Bank has established the Strategic Development and Customer Rights Protection Committee and formulated the *Working Rules of the Strategic Development and Customer Rights Protection Committee of the Board of*

Directors of China Minsheng Banking Corp., Ltd., which specified that the Strategic Development and Customer Rights Protection Committee was the special authority established by the Board of Directors in accordance with the resolution of the Shareholders' General Meeting to formulate, monitor, and review the performance of the Bank's consumer rights protection work, including complaint management. The Bank has formulated *the Administrative Measures on the Auditing of Consumer Rights Protection of China Minsheng Bank*, specifying that the Audit Department supervises the performance of the Bank's consumer rights protection work, including complaint management, to form a normal and standardised internal audit supervision and evaluation mechanism. In accordance with the *Working Rules for Supervision and Discipline Execution by Discipline Inspection and Supervision Institution of China Minsheng Banking Corp., Ltd. (Trial)*, the Bank handled complaints by letters and visits in strict compliance with the rules and regulations, clarified the handling procedures for complaints by letters and visits and clues to suspected violations, carried out hierarchical management for complaints by letters and visits and strictly prohibited the leakage of whistleblowers' private information.

During the reporting period, the number of customer complaints received via customer service hotline, outlets and transferred from the regulatory authorities was 63,643, of which 20,401 were received via the 95568 hotline, with the case closing rate reaching 99.97% and the customer satisfaction rate reaching 99.69%. The Bank analysed the problems reflected in customer complaints and continued to improve products and optimise services to earnestly protect the legitimate rights and interests of consumers.

In addition, the Bank has established a working system for handling complaints by letters and visits, which clearly defined the work scope and duties. The Bank has implemented the *Management Measures on Complaints by Letters and Visits of China Minsheng Bank*, which streamlined the handling process, set up channels to receive complaints and tip-offs via letters, phone calls, emails, faxes and visits and required the departments involved to respond in accordance with the prescribed procedures in a timely manner.

Dedicated Services for the Elderly

The Bank has launched a dedicated hotline service and a simplified version of mobile banking App for the elderly customer group, upgraded the elderly-friendly service facilities at outlets, and utilised the advantages of community grid-based services to optimise financial products and services for the elderly.

Dedicated Hotline Service

- The elderly customers can directly reach staff services by dialing the 95568 hotline. The system intelligently will recognise customers over 60 years old and direct the call to staff services by skipping voice instructions and key selection.

Simplified Mobile Banking App

- The Bank launched the “simplified version of mobile banking App” with outstanding features including large fonts, customised frequently used services and personalised wealth management recommendations, providing elderly customers with more comprehensive, considerate and convenient services. With easy-to-read key information, easy-to-find main functions and easy-to-understand operation steps, the App helps elderly customers resolve their difficulties in using smart phones, and access mobile financial services easily and quickly without going to the counter.
- As at the end of the reporting period, the number of users of the simplified version exceeded 280 thousand.
- The “simplified version of mobile banking services” has won high media attention and market acclaim. In the “2021 China Financial Technology Innovation Competition” hosted by www.cebnet.com.cn, it won the “Glory Awards”.

Elderly-Friendly Service at Banking Outlets

- The Bank has set up “green channels” or “priority counters” for the elderly customers at the banking outlets, and provided elderly-friendly facilities such as reading glasses and courtesy seats at the lobbies.
- The Bank has introduced a variety of new intelligent devices with multiple functions including human body detection, audio and video recording, multi-dimensional identity authentication, multi-card reading, fast deposit and withdrawal of large-value cash and bill authentication, which provided services with convenient human-machine interaction under various scenarios. These devices can easily identify elderly customers and transfer calls by one click, and ask if they need staff assistance and automatically connect to the remote staff services, providing strong support for the elderly in business processing.

Customer Empowerment

To ensure that financial services benefit a wide range of customers, the Bank actively promoted financial knowledge with diversified financial education activities that covered different groups of people on campus, and in rural areas,

communities, enterprises, remote areas, business circles and exhibitions. The Bank relied on the financial education and demonstration bases to create normalised publicity and education bases. With short videos and cartoon series and other promotion approaches, the Bank promoted financial knowledge to farmers, students, the elderly, migrant workers and people living in the remote areas, forming a series of thematic publicity activities and building an integrated online and offline activity grid.

The Bank actively carried out public education with different themes, and has independently designed the brand images of “Min Xiaobao” and “Xiao Xiao”. The Bank innovated publicity and education methods and organised online knowledge contests to promote learning. It relayed over one thousand articles about financial publicity and education through external paper media, media websites, client Apps and other media platforms, and published original articles about financial publicity and education through official channels with 104 thousand views, in an aim to improve consumers’ awareness of financial safety, popularising basic financial knowledge such as basic rights, card safety and prevention of telecom fraud to financial consumers. These moves deeply impressed people with the concepts of financial safety and consumer rights and interests protection.

During the reporting period, the institutions at all levels of the Bank organised 245 financial publicity activities on campus, including 94 in universities, 51 in secondary schools, 72 in primary schools and 28 in preschools, covering 160,012 teachers and students. The contents covered basic financial knowledge, credit knowledge, investment concepts, consumption habits, investment risks and anti-fraud knowledge, to help students develop rational consumption habits, stay away from illegal campus loans and prevent typical internet frauds, enhancing students’ self-protection ability.

The Bank has launched a variety of publicity and education activities through its official website, “Consumer Rights Protection Section” on the official WeChat platform, and offline channels, targeting different groups of people, including the young and the elderly as well as the general public. The Bank pushed more than 40 publicity graphics, articles and videos throughout the year. Financial education activities, such as “3•15”, “Protect your wealth” and

“Month of Financial Knowledge Education”, involved 70.88 million consumers, 16,398 online and offline publicity activities and 13.02 million copies of various publicity materials, covering all outlets of the Bank in normal operations. The Bank's regular education and publicity efforts involved 9.86 million consumers and 9,856 publicity activities, and were covered for more than 940 times by various media.

Accelerating Digital Transformation

The Bank took systematic and comprehensive digital transformation as the new starting point of deployment for the future, formulated digital financial transformation strategies, and increased investments in capital and talents, to accelerate digital transformation. The Bank established the Ecosystem Finance Department as the leading department for digital financial transformation, launched several major ecosystem finance projects, and set up an agile innovation mechanism and supporting mechanism, and has made key breakthroughs in the development of eco-bank and smart bank. The Bank promoted the “enterprise-level” business system architecture, developed an integrated operation middle office, strengthened data governance and application, fostered agile organisation and innovative culture, so as to consolidate the digital transformation foundation.

Building Eco-Bank

- Targeting on the strategic goal of building a eco-bank, the Bank launched four major ecosystem finance projects, including supply chain data-based credit financing, Minsheng Express Loan, Internet ecosystem loans and ecosystem finance operation platform, and established an agile innovation mechanism and the supporting mechanism.
- The Bank made great efforts to innovate service models, built up the brand of Minsheng Cloud +, integrated and deconstructed financial services into different modules. The Bank helped partners build their financial service capabilities and improve customer loyalty, in an aim to empower the development of banking businesses and achieve win-win cooperation.
- The Bank launched seven major industry-oriented service solutions, and implemented the “four in one” strategy. The Bank formed the efficient and agile open banking service model supported by the Bank's enterprise-level internet service platform.
- The Bank focused on the segmented personal life scenarios, and expanded the small business scenario-based settlement for e-commerce, education, catering and others.

Building Smart Bank

- Retail business: the Bank constructed the closed-loop system of customer experience and digital management of customer groups.
- Small business finance: the Bank pushed forward the development of small business App and enriched online credit product system.
- Corporate business: the Bank consolidated the foundation for online businesses.
- Financial markets business: the Bank established the digital marketing system based on the segmentation of financial institution customer groups.
- Risk management: the Bank completed the overall planning of digital risk management system and kicked off the construction of automatic appraisal system of small business.
- Operation management: the Bank applied new intelligent technologies to improve quality and efficiency, and the substitution rate of standardised operation reached nearly 60%.
- Smart bank experience stores: the Bank explored the development of smart banking outlets, the first “smart bank experience store” has achieved impressive operating results in the first year of operation, its practices were introduced to and implemented at many branches.

Solidifying Foundation of Transformation

- The Bank continued to solidify the foundation of digital transformation, build up agile organisation and innovative culture, and established the Data Management Department. The bank enhance talent building, carried out the construction of training system for improving the capability of digital transformation, and comprehensively pushed forward the efficient cultivation of digital transformation talents by launching projects such as “Morning Light Charging Station”, effectively improved employees’ basic qualifications for digital transformation, and provided support and guarantee for the digital transformation.

During the reporting period, the Bank launched products including mobile bank 6.0, keyboard bank, open bank and remote bank to provide customers with more efficient and convenient online services.

Mobile Bank 6.0

- The Bank took the lead in China to adapt to Huawei Harmony OS, and launched services including smart search, smart calendar, smart voice and others, significantly improving the intelligence level.
- The Bank launched a series of convenient and beneficial services including online asset certificate, electronic medical insurance certificate, personal credit inquiry, electronic invoice and others.
- The Bank set up daily life scenarios for mobile banking, established special zones at 25 branches, and carried out over 220 customer rewarding activities, satisfying customers’ needs in one-stop services.

Keyboard Bank

- The Bank launched the first keyboard bank in the industry with the Baidu smart input method for mobile phones as the carrier, which incorporated all financial services into all scenarios of keyboard usage, and provided convenient services such as instant withdrawal and one-click skip to mobile bank.

Open Bank

- The Bank broke through the traditional service model to explore and innovate open bank. It built up the brand of Minsheng Cloud +. Through API services, H5, mini programs and ecosystem finance clouds, the Bank opened products and services, transactions and processes, data and algorithms, and brought in line with the industrial ecosystems to create ecosystem finance. It constantly broke the boundaries of channels, customers, services of traditional financial business, helped partners build their financial service capabilities and improve customer loyalty, in an aim to achieve win-win cooperation.
- The Bank introduced seven major industry service solutions of opening banking, including “Cloud Bookkeeping Agency and Cloud Enterprise Payment”, put the open banking portal website into operation and implement the strategy of unified service catalogue, identification, security authentication and risk control to form an efficient and agile open banking service model supported by the Bank's enterprise-level internet service platform.

Remote Bank

- The Bank launched the first remote banking services with both “business and service” functions in the industry. Relying on digital networks and audio and video decoding technologies, the Bank made it come true to stay at home and make face-to-face communication with the Bank via video, which broke the limitations of physical outlets in the format of providing professional financial services, and provided 7x12-hour online services that benefited more customers, and effectively improved the efficiency and experience of the Bank's financial services. By giving play to the “zero contact” advantage of online channel, the business volume of remote bank exceeded that of offline outlets. It also handled businesses for customers abroad or in pandemic-stricken areas, effectively resolved the difficulties that customers could not visit the counter in person during the pandemic, and gradually became one of the main channels of customer service.

V. Steady Operation, Enhanced Compliance and Risk Control

The Bank insisted on honest and compliant operation, and continuously improved compliance management and culture development. It deepened the construction of the comprehensive risk management system and enhanced the risk management capabilities;. The Bank insisted on governance with integrity, creating a culture of integrity, continued to improve information security management and protection system construction, building a fully-fledged financial security protection system. The Bank attached great importance to the prevention of intellectual property (IP) risks, and took measures to enhance employees' awareness of IP protection and control measures. The Bank emphasised on good interactions with partners, advocated and supervised the fulfillment of environmental and social responsibilities of suppliers.

Strengthening Compliance Management

The Bank continued to improve the internal control and compliance system, strengthened the development of a compliance culture, and enhanced the awareness and ability of operating in compliance with laws and regulations.

During the reporting period, the Bank strengthened the development of a compliance management mechanism that covered prevention, in-process management and post-event accountability. In terms of prevention, the Bank strengthened the regulatory development analysis, introduction of external regulations and compliance review, and comprehensively enhanced employees' behaviour management mechanism. In terms of in-process management, the Bank strengthened case risk control and standardised the inspection and rectification standards. In terms of post-event accountability, the Bank established a working mechanism for risk compliance accountability determination. The Bank focused on reshaping compliance culture, strengthening investigation and rectification, clarifying assessment orientation, paying attention to operational risks, controlling related party transactions, strengthening AML management, and upgrading compliance technology to continuously enhance the effectiveness of compliance management.

The Bank strictly complied with requirements of the *Commercial Bank Law of the People's Republic of China*, *Guidelines on Compliance Risk Management of Commercial Banks* and other relevant laws and regulations, and has established a compliance management system that was based on the *Administrative Measures of China Minsheng Bank on Compliance Management*, as well as systems of the compliance management department and other functional departments. In addition, the Bank has formulated various systems such as the *Basic Regulations of China Minsheng Bank on System Management*, *Administrative Measures of China Minsheng Bank on Internal Control and Compliance Inspection*, *Operating Instruction of China Minsheng Bank on Internal Control and Compliance Inspection (2021 Revision)*, *Administrative Measures of China Minsheng Bank on Rectification of Internal Control and Compliance Issues*, *Regulations of China Minsheng Bank on Prohibited Conduct of Employees' (Trail)*, *Code of Conduct for Employees of China Minsheng Bank (Revised)*, *Administrative Measures of China Minsheng Bank on Monitoring the Conduct of Employees (Trail)*, *Administrative Measures of China Minsheng Bank on Criminal Cases* and the *Administrative Measures of China Minsheng Bank on Exemption of Liabilities in Performing Due Diligence*. In order to improve employees' awareness of compliance, the Bank carried out education activities on legal compliance bottom line in the year. All employees of the Group participated in the education on core concepts of compliance and the bottom line of employee behaviour, and the activities involved 60 thousand attendances.

Improving Risk Prevention and Control

Adhering to the risk culture of “steadiness, prudence, comprehensiveness and initiative”, the Bank continued to improve its comprehensive risk management system to ensure that risk management covered the risks of all institutions, all businesses, all processes and all categories. The Bank has established a sound risk management structure and an operational mechanism with clear and balanced division of responsibilities, and built three lines of defence for comprehensive risk management, clarifying the scope and responsibilities of the three lines of defence and achieving full-process and full-coverage risk

management. In addition, the Bank improved the risk preference, strategy and tolerance system, established a three-level management system of risk preference, strategy and policy, launched industry limit management system to gradually realise computer-based management. The Bank also improved the risk management policies and procedures to enhance professional and refined management of major risk categories and strengthen the prevention and control of emerging risks.

The Bank strengthened key aspects of risk management, optimised system management mechanism, improved construction of the tool system, conducted risk management reporting and enhanced the risk management system and data quality to improve the intelligent risk control system of the whole Bank, strengthen data governance and promote the construction of risk data aggregation. In addition, the Bank optimised the development of risk team and talents, improved employees' awareness of risk management responsibility and enhanced the professional level of risk management personnel.

During the reporting period, the Bank carried out a total of 1,978 training sessions covering around 190 thousand attendances through various means such as offline training, live broadcasting, centralised courses, and case analysis. The contents included risk strategy, the implementation of Basel III, credit system reform, green finance, compliance risk, legal education, as well as collection, liquidation and disposal, which improved the professional level of risk management of the Bank.

Adhering to Business Ethics

The Bank strictly abided by relevant laws and regulations on anti-corruption such as the *Banking Supervision Law of the People's Republic of China* and the *Interim Provisions on Banning Commercial Bribery*. The Bank formulated the *Measures on the Punishment of Employees of China Minsheng Bank for Violations of Regulations and Disciplinary Actions* and the *Provisions of the Party Committee of China Minsheng Bank on Strictly Implementing Public and Private Separation in Performing Duties and Powers (Trial)*. The Bank attached great importance to creating a culture of integrity and raise employees' integrity awareness, and has set up leading group to enhance prevention and

control of employee moral risks. The Bank continuously improved the mechanism for investigation and punishments on violations, supervised officials and employees in complying with the laws and regulations, so as to provide support and protection for the smooth reform and transformation and the healthy development of business of the Bank. There was no concluded legal cases regarding corrupt practices brought against the Bank or its employees during the reporting period.

Code of Ethics. The Bank's Board of Directors has formulated the *Code of Ethics for the Board of Directors of China Minsheng Banking Corp., Ltd.* and established, implemented and oversighted the enforcement of high-standard codes of ethics. The Board of Directors exercised direct supervision over business ethics matters. The Bank has established the Accountability Committee to supervise and monitor business ethics and address violations by employees in accordance with regulations.

Management Practices. The Bank has revised the *Measures on Punishments on Violations by Employees of China Minsheng Bank*, in which provisions regarding bribery, corruption and duty encroachment were clarified to improve the system, supervision and constraint mechanism. The Bank strengthened the supervision over the accountability management of the whole bank, gave full play to the roles of the accountability committees at all levels to reveal the Bank's resolution in governing the bank by laws, and strengthened the supervision and management over abnormal employee behaviour to effectively prevent risks. The Bank has opened up channels for complaints by letters and visits by means of phone calls and emails. Discipline inspection committees at all levels handled complaints hierarchically in accordance with their management authority. The Bank also formulated the *Working Rules for Supervision and Discipline Execution by Discipline Inspection and Supervision Institutions of China Minsheng Banking Corp., Ltd. (Trial)*, which clearly required to strengthen the protection of whistleblowers and strictly keep their information confidential.

Audit Risk Management. The Bank strictly investigated and addressed issues involving ethical violations by employees identified in audits, implemented strict accountability to confirmed breaches of disciplines, and

referred those suspected of committing a crime to judicial organs. Meanwhile, the Bank’s inspection teams focused on the rectification responsibility and actual results, included the rectification for issues identified by audit into the scope of inspections, in order to assess whether the audit findings and related issues were properly rectified. The Bank’s internal audit paid great attention to the construction and implementation of business ethical standards. Through full-scope audit, special audit, economic responsibility and subsequent audit with focuses on deceptive behaviours that violated laws, regulations and internal systems to seek individual or special benefits, in an aim to have more effective control and prevention on fraud and irregular business conducts. In order to better promote governance with integrity and prevent related risks, the Bank has taken the following measures:



Carried out one comprehensive internal control evaluation every three years for operating units in principle and incorporated employees’ ethical risk and accountability management into the scope of evaluation.



Rigorously checked fraud and behaviours violating business ethics during the audit process of accountability affirmation on problem assets, and addressed accountability.



Constantly monitored and reminded irregular employees’ behaviours violating business ethics with data-based technologies during daily audit.

Capacity Building. During the reporting period, the Bank promoted anti-corruption training, continued to foster the integrity culture, and gave lectures on typical cases of disciplinary violations with the theme of “Forging ahead on the new journey, setting foot on the new stage, grasping the new situation, and focusing on the new tasks to promote full and strict governance over the CPC and the Bank”. The Bank also organised all employees to watch the anti corruption documentary of *Penetration II* to consolidate their compliance awareness. The Bank produced training materials based on the *Measures on Punishments on Violations by Employees of China Minsheng Bank* and the

typical cases of violations of ethical standards by employees, and required all operating units to organise such training sessions. The Bank also carried out various educational activities on employee ethical conducts, covering all employees including full-time, part-time employees and dispatched workforce.

Preventing Money Laundering Risks

The Bank strictly abided by the *Anti-Money Laundering Law of the People's Republic of China, Provisions on Anti-Money Laundering through Financial Institutions (PBOC Order [2006] No. 1)*, *Guidelines for the Management of Money Laundering and Terrorist Financing Risks of Corporate Financial Institutions (Trial) (Yin Fan Xi Fa [2018] No. 19)*, *Administrative Measures on Anti-Money Laundering and Counter-Terrorist Financing of Banking Financial Institutions (CBIRC Order [2019] No. 1)* and other AML related laws and regulations, and has formulated and implemented the *Administrative Measures on Money Laundering and Terrorist Financing Risks of China Minsheng Bank*. The Bank further enhanced AML management through strengthening the internal control system of AML, accelerating the development of AML system empowered by technology, creating a solid foundation of anti-money laundering.

Optimising System Construction. During the reporting period, the Bank comprehensively assessed the effectiveness of the AML system, and newly established the *Administrative Measures on Anti-Money Laundering Rewards and Punishments of China Minsheng Bank* and the *Guidelines on Anti-Money Laundering and Anti-Terrorist Financing for Overseas Branches of China Minsheng Bank* based on the assessment results, upgraded nine existing policies, which further improved the AML system. Eight business departments of the Head Office established three new and revised five specific AML related working rules to further embed AML requirements into business processes and operations. Upholding the principle of “Streamlined, efficient and centralised” management, the Bank further clarified that the domestic and overseas branches must refine their systems based on local regulatory requirements and their actual situation, and further supervised operating units to focus on implementation.

Improving Risk Management. During the reporting period, the Bank further improved its money-laundering risk management system and strengthened internal control mechanism against money laundering. Such measures include: the Board of Directors, the Board of Supervisors and the management participated multiple AML training sessions and made special AML arrangements; improved the money laundering risk management strategy, further clarified and standardised the requirements for money laundering risk management of China Minsheng Bank in the comprehensive risk management system, and for the first time added the quantitative control targets for money laundering risks to the risk preference; thoroughly implemented the *Self-Assessment Guidelines for Money Laundering and Terrorist Financing Risks of Corporate Financial Institutions*, reconstructed the money laundering risk assessment system of the Bank's institutions and set up more than 340 detailed assessment indicators; further strengthened the AML assessment and granted the AML management department the authority to evaluate 50% of the performance evaluation of AML employees in business departments; formulated the *Administrative Measures on Anti-Money Laundering Rewards and Punishments of China Minsheng Bank* and organised the whole bank to complete the first AML reward declaration and assessment; strengthened the guidance on AML from resources, awareness, responsibilities and processes to help sub-branches save resources, focus on risks and reduce pressure, and effectively implement AML at “the first line of defence”.

Strengthening Risk Monitoring. The Bank has introduced a “trinity” AML monitoring and analysis system, which comprised case investigation, research and analysis, and comprehensively strengthened its ability to identify, monitor and control money laundering risks. Such measures include: restructured the *Administrative Measures of China Minsheng Bank on Reporting of High-Value Transactions and Suspicious Transactions*, which further clarified and standardised monitoring standards, reporting process and other management requirements; solidified the money laundering risk monitoring and supervision mechanism to capture the overall money laundering risks in real time through a global view of the whole bank; strengthened money laundering risk screening in employee accounts, independently established and improved monitoring

rules to continuously expand the scope and extent of risk monitoring; continuously improved the Group's joint control mechanism for money laundering risk, jointly developed multiple gang crime models with IT teams to accurately identify various gang criminal subjects; conducted research on money laundering risk topics and cases, identified business money laundering risks, published analysis of money laundering types, risk reminders and the *Selected Typical Anti-Money Laundering Cases* to drive the development of compliant operations.

Strengthening Capacity Building. The Bank continued to vigorously carry out AML publicity and training, flexibly innovated AML publicity methods to continuously enhance the AML capacity of all personnel and effectively fulfill the AML social responsibilities of financial institutions. During the reporting period, the Bank organised AML quiz and other publicity activities, attracting a total of more than 18 million attendances in the quiz and more than 21.41 million attendances in the publicity activities. In addition, the Bank conducted live video streaming AML training and qualification accreditation, the proportion of employees holding AML certificates reached 32%. The Bank organised 9 large-scale AML on-site or live video streaming training sessions, which attracted nearly 7 thousand participants in total. The Bank has established an AML online training system, which has been included in the annual compliance training for all employees and the mandatory orientation training courses for new employees. During the reporting period, 6,313 AML training sessions were delivered with a total of approximately more than 300 thousand attendances.

Protecting Information Security

The Bank attached great importance to customer information security management and strictly complied with a series of data security laws, regulations, and standard specifications such as the *Data Security Law of the People's Republic of China*, *Personal Information Protection Law of the People's Republic of China*, *Financial Industry Standards of the People's Republic of China: Financial Data Security-Security Specification of Data Life Cycle*. These policies governed the Bank and all subsidiaries to ensure the

security of both the Bank's information and the consumers' information. Meanwhile, the Bank continued to improve the systematic management of information security, promoted the upgrading of information security technology and emergency response measures, strengthened the protection of IP rights, and continuously enhanced the awareness and skills of all employees in information security to drive the construction of information security of the industry.

Information Security Management

The Bank has established a four-level data security system built on general policies, management specifications, standard and rules, and operational procedures, and has formulated tens of data security systems, including the *Measures on the Management of Production Data of China Minsheng Bank's Head Office* and *Measures on the Management of Customer Information Security of China Minsheng Bank*, which have been issued to and governed with all business lines and branches and sub-branches. The information security systems covering the Group included the *General Information Security Strategy of China Minsheng Bank* (for the whole Bank and subsidiaries within and outside the Chinese mainland), *Measures on the Management of Customer Information Security of China Minsheng Bank*, *Implementation Rules for the Management of Customer Information Security of China Minsheng Bank* (for execution at the Head Office, domestic branches and the credit card centre, and for reference of the subsidiaries) and the *Measures on the Management of Information Security of Subsidiaries of China Minsheng Bank*. Meanwhile, the operating units and the subsidiaries have issued their own information security systems under the requirements and guidance of the Head Office.

In accordance with the national and regulatory data security laws and regulations, the Bank improved data security management system, strengthened data security technology protection, enhanced data security operation monitoring and built a data security protection system to defend the bottom-line of data risk prevention, and improve the security of the Bank's data assets and the ability to protect personal financial information. Meanwhile, the

Bank has formulated a password restructuring plan for its important information system and continued to promote its implementation to improve the commercial password application and ensure the safe and stable operation of information systems.

The Bank paid great attention to the security protection of information systems and the personal financial information, and has created a top-down information security governance structure. The Bank's Risk Management Commission and Data Governance Commission are the supreme decision-making and management organisations that are responsible for developing the information security and data governance strategies and coordinating the information security and data security management. The IT Department of the Head Office is responsible for exercising the technical management of the Bank's customer information, establishing and improving the full life cycle process and security standards and specifications for customer information, checking the compliance of confidentiality measures for customer information security, and providing regular technical support and services on data security for business departments using customer information.

Consumer Financial Information Protection

In order to protect consumer information security, the Bank has formulated the *Administrative Measures on the Protection of Consumer Rights on Personal Financial Information of China Minsheng Bank*, which clearly defined the principles of consumer rights protection on personal financial information of the Bank and the requirements for the management of consumer rights protection on the whole life cycle of personal financial information. All institutions were required to strictly follow the principle of "Minimum and necessary" and adopt effective measures such as hierarchical authorisation, authority control and technical control to strengthen the protection of personal financial information, protect legitimate rights of individuals to inquire, correct, supplement, and delete information, and established corresponding supervision and inspection and emergency response mechanisms to prevent information leakage and misuse.

The Bank designated professional teams to protect data, built a coordinated and

data security management mechanism with collaborations among multiple departments, promoted the full life cycle management of data security, prevented illegal collection, unauthorised access, illegal use and unauthorised copying and dissemination of data, in an aim to strengthen consumer financial information protection and safeguard the legitimate rights and interests of financial consumers. At the same time, the Bank strengthened customer privacy protection and security compliance management of client applications, provided over 500 authoritative digital signature authentication reports for litigation cases of operating units, coordinated the filing of mobile banking client Apps of the Bank, identified and assisted mobile applications to rectify and test compliance issues, and enhanced the security compliance of mobile terminals.

In terms of customer privacy policy, the Bank processed customers' personal information with their consent and specified customers' authority in controlling their personal information. The Bank is fully committed to protecting the rights of customers to access, copy, delete, request account cancellation, change the scope of consented authorisation, refuse personalised display, respond to requests and withdraw consent of personal information, in an aim to enable customers to have sufficient capabilities and channels to protect their personal information security, and execute their rights in relation to personal information.

Information Security Practices

During the reporting period, the Bank effectively safeguarded the safe and stable operations of its networks and systems during the period of important national conferences, activities and ceremonies, such as the "Two Sessions" in 2021, the "100th Anniversary of the Founding of the CPC" and the "2021 China International Fair for Trade in Services". To improve the capabilities in safeguarding the security of networks and information systems, the Bank promoted the application of banking innovations and the development of products, and won the awards such as the outstanding case award of the "Cloud Security Guardian Programme" by the China Academy of Information and Communications Technology.

During the reporting period, in regard to the revisions of important laws such as the *Civil Code* of the People's Republic of China and the *Personal Information Protection Law of the People's Republic of China*, the Bank organised responsible persons to deliver law study and lectures on data security and privacy protection at all institutions, which totaled 358 sessions with 16,772 attendances, and enhanced the legal thinking of key personnel. Focusing on the influence of major laws and regulations, such as the *Data Security Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*, on the operation and management of the Bank and the responding measures, the Bank organised 439 sessions of legal knowledge and skills training with a total of 32,100 attendances, and further strengthened the rule of law capacity of all employees. The Bank has taken various measures to raise awareness and build capacity, such as:



In accordance with the laws and regulations, national standards and systems and specifications related to information security, the Bank issued the *Notice on the Study and Training of the "Personal Information Protection Law of the People's Republic of China"*, and formulated the *Implementation Plan for Special Training on Data Security of China Minsheng Bank*. The Bank also organised lectures to interpret the *Personal Information Protection Law of the People's Republic of China*, and required all business lines to carry out a second training to ensure that all employees were trained, while pushed the relevant laws and the interpretations via the public account of "Information Security Service Station" on its internal communication App in a timely manner.



In regard to the IT outsourcing service suppliers of the IT Department of the Head Office, the Credit Card Centre, all branches and all subsidiaries, the Bank organised self-inspections on the risks of supplier information security management and the education and training on IT service supplier information security and compliance, in accordance with the *Check-List for Self-Inspection on Risks of Supplier Security Management* issued by the IT Department of the Head Office.

In addition, in accordance with the requirements of the CBIRC, the CSRC and other authorities on the disclosure of annual reports of commercial banks, the Bank conducted annual audit for external information systems, which covered the assessment of the design and implementation of information security

policies and technology management processes, and disclosed the audit results in the Bank's annual report and the annual internal control evaluation report. During the reporting period, the Bank passed the ISO 27001 Information Security Management System Certification and the Level IV certification of classified protection.

Deepening Procurement Cooperation

Supplier Management Policies

Adhering to the principle of win-win cooperation, the Bank attached great importance to the good interaction with partners and suppliers to build a sustainable value chain, and strived to achieve mutual benefit in the whole industry. The Bank constantly improved the procurement management rules and regulations and enhanced bidding and supplier management. The Bank actively promoted the implementation of green procurement policies, encouraged suppliers to improve their environmental and social risk management capabilities, and worked with suppliers to assume social responsibilities.

Strictly complying with the laws and regulations such as the *Civil Code of the People's Republic of China*, the *Bidding and Tendering Law of the People's Republic of China*, the Bank continued to promote the normalisation and standardisation of supplier management, and built up an supplier management system with detailed rules including the *Administrative Measures on Centralised Procurement*, the *Administrative Measures on Decentralised Small Procurement (Trial)*, the *Measures on Supplier Management*, the *Administrative Measures on Tendering and Bidding*, the *Administrative Measures on Procurement Agencies of the Head Office*, and the *Regulation on Performing Duties with Integrity by Procurement Staffs*, to regulate supplier management and provide guidelines and basis for the healthy development of procurement activities.

Supplier Assessment and Supervision

The Bank has established a strict supplier access system, requiring suppliers to comply with national laws and regulations, and to have good business

reputation and sound financial and accounting systems. The products or services they provided should meet national and industrial standards and green procurement standards. Suppliers should also follow the occupational health and safety management, labour laws and regulations and employee remuneration related standards. Suppliers should be willing and able to accept the supervision and administration from the Bank whilst providing products and services. As for projects that were under public open bidding, the Bank critically assessed the qualification of suppliers during the project evaluation phase, while for projects that were of non-public bidding, the Bank review the records of significant violations of the law and regulations, breach of contracts, public opinion and labour disputes in the process of supplier selection. Through the supplier management system, the Bank implemented supplier data base management and online dynamic monitoring of candidate suppliers who passed the reviewed and met the relevant qualification requirements, so as to control supplier risks from the source. During the reporting period, the supplier assessment covered all procurement projects and suppliers of the Bank.

In order to ensure that suppliers comply with the Bank's supplier management requirements in the process of contract performance, the Bank reviewed suppliers in various aspects such as procurement access, evaluation and assessment, malpractice management, etc. The Bank carried out continuous supervision and appropriate on-site review on the effectiveness of supplier's environmental policies and management procedures, including whether to comply with the Bank's management requirements on social responsibilities, occupational health and safety management, labour standards, environmental protection and so on. In the process of supplier evaluation and assessment, the Bank paid attention to the environmental management and risk management of suppliers. Through annual periodic evaluation, the Bank conducted statistics, analysis and feedback on the performance of existing suppliers, and used the evaluation results as important evidences for the Bank's decision on future cooperation with suppliers. At the same time, the Bank encouraged suppliers to strengthen their own energy saving and environmental protection management, and supervised suppliers in the course of performance for any malpractice in environmental protection and social responsibility.

Key Performance Indicators Related to Suppliers in 2021

Indicators	2021
Total number of suppliers¹	1732
East China	390
Central China	81
North China	906
South China	262
Northwest China	14
Northeast China	31
Southwest China	48

Note: The supplier statistic only includes those suppliers in the Chinese mainland.

Protecting Intellectual Property

Pursuant to the *Anti-Unfair Competition Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Advertisement Law of the People's Republic of China* and other relevant laws and regulations, the Bank has formulated the *Administrative Measures on Intellectual Property* and the *Administrative Measures on Brand Management*. The IPs were managed in aspects of innovative protection, license management and infringement protection to prevent IP risks, comprehensively promoting the standardisation and unification of the Bank's brand culture and image. The Bank has formulated and enforced the *Legal Risk Management Regulations on the Protection of Intellectual Property Rights* in response to the introduction of the *Civil Code of the People's Republic of China* and the new requirements. The Bank carried out relevant trainings for all employees for the purpose of updating the legal concept of IP protection and improving their awareness of IP protection.

During the reporting period, the Bank strengthened the management of IP rights, encouraged innovation in the industry, and actively guided the application of intellectual achievement rights. Throughout the year, the Bank

launched 9 patent applications, 9 trademark registration applications, and 18 copyright applications, completed 3 patent authorisations, 7 copyright registrations, and 3 trademark registrations. To ensure the validity of digital financial IP rights, the Bank completed 17 renewals of domain names upon expiration and 9 renewals of trademarks upon expiration.

VI. Innovative Environmental Protection, Green Development for Ecosystem

The Bank paid great attention to environmental protection and climate change, actively responded to the national initiative of building a beautiful China and China's goal of striving to carbon dioxide emissions peaking before 2030 and achieving carbon neutrality before 2060, proactively identified the risks and opportunities brought by the "Double Carbon" policies, promoted the implementation of the green financial development strategy, and supported green economy, low-carbon economy and recycling economy. The Bank paid close attention to climate change, took the initiative to communicate and exchange with regulatory authorities, inter-bank institutions and the Green Finance Commission of China Society for Finance and Banking to explore, research and cooperate in green finance and climate change at home and abroad, contributing more to the development of ecological civilisation.

The Bank practiced a sustainable development concept of low carbon and environmental protection, energy saving and emission reduction. Strictly complying with national laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *Energy Conservation Law of the People's Republic of China*, the Bank achieved energy saving and emission reduction through various means, enhanced employees' awareness of environmental protection, and implemented various measures on green offices, in an aim to support innovative green development.

Implementing Green Finance

The Bank profoundly implemented the green concept, promoted the development of green finance and the layout of investment and financing as a whole, and planned the direction of green finance development and business layout from the strategic promotion aspect in accordance with the *Five-Year Development Plan for Green Finance of China Minsheng Bank (2021-2025)*, and actively fulfilled the commitments made in the *Common Commitments on Green Credit of China Banking Industry*. From the perspective of policy guidance, the Bank formulated annual risk preference, risk strategy and credit

policy, explicitly proposed to support a green, low-carbon and circular economy, set annual development targets for green finance, continuously promoted the green transformation of asset structure, prevented and mitigated ESG risks, improved ESG performance and guided the Bank towards green and sustainable development.

Focusing on energy saving and emission reduction, clean energy, carbon emission rights trading, low-carbon technology, green living and other fields, the Bank has built a green financial ecosystem covering trading platforms, industry associations, government departments and core enterprises, upgraded the green financial product system and continued to increase strategic investment. At the same time, as one of the first banks to access the national carbon market registration system, the Bank supported the steady development of the national carbon market by providing high-quality basic services such as transaction settlement, and actively explored the carbon rights guaranteed loan business, successfully handling a number of carbon emission rights guaranteed loans and realising the first carbon emission rights guarantee operation in the national market. The Bank strengthened the tracking of Chinese certified emission reduction business to meet the needs of customers in high-carbon industries.

During the reporting period, the Bank achieved a steady growth in the scale of green finance. As at the end of the year, the Bank's green credit balance was RMB107.317 billion, up by RMB54.648 billion, or 103.76%, as compared with the beginning of the year. In this year's green credit self-evaluation of 21 major banks organised by the regulatory authorities, the Bank's ranking has risen significantly. During the reporting period, the Bank was awarded the "Best Bank for Green Financial Services" by the Financial Times in 2021, the "2021 Low Carbon Bank of the Year Award" by the 21st Century Business Herald, the "2021 China Golden Tripod Award - Green Finance Award of the Year" by the Daily Economic News and the "Low Carbon Innovative Socially Responsible Enterprise" by China Energy News.

2021 data on energy saving and emission reduction from green

loans

Conversion of Green Credit Energy Saving and Emission Reduction	2021 (in 10,000 tonnes)
Standard coal	96.99
CO ₂ Equivalent	169.67
Chemical oxygen demand	64.41
Ammonia nitrogen emission reduction	0.97
Sulphur dioxide	3.36
Nitrogen oxides	0.56
Water consumption	46.77

The Bank's main efforts in green finance are as follows.

Improving the Top-level Design of Green Finance

In the *Five-Year Development Plan of China Minsheng Bank (2021-2025)*, green finance and ESG management were included as important contents and path forward, and the *Five-Year Plan for Green Finance Development of China Minsheng Bank (2021-2025)* and the 2021 Green Finance Marketing Guidelines for Corporate Customer Group were formulated to clarify the business direction, operation strategy, synergy mechanism and supporting guarantees, focus on the "Double Carbon" target, and clarify the strategic support plan for the "Double Carbon" target in 2022. The Bank has established the Green Finance Commission, with the President as the director and the Vice Presidents as the deputy directors to oversight green finance. It has permanent members and a secretariat composed of relevant departments to coordinate the Bank's green development and incorporate ESG concepts into the core values of the Bank. The Board of Directors actively engaged and deployed green finance, climate-related risk and ESG risk management in financing activities, regularly heard reports on important matters such as green finance implementation reports, green bank evaluation and ESG management, reviewed and approved major matters such as green finance strategic planning

and policies, and climate risk stress tests, and supervised the implementation.

Establishing and Refining Policy System for Green Finance

The Bank formulated green finance-related policies, such as the *Special Statistical Management Measures on Green Finance*, to increase support for the energy-saving and environmental protection industries, and continuously optimised the structure of credit assets. The Bank strengthened the coordination of policy resources and business development, provided more funding support to green loan services, optimised green credit risk policies and guided operating institutions to prioritise the development of green finance business.

In terms of risk assessment and review, the Bank has formulated the *Environmental and Social Risk Assessment Criteria and Compliance Review Checklist* by industry and type of projects, requiring all operating institutions to implement accordingly, stipulating that customers to be granted credit must meet environmental protection requirements, and that credit shall not be granted to customers with non-compliant environmental and social risk management performance. The Bank also established a three-level environmental and social risk information collection mechanism at head office, branch and sub-branch levels.

In terms of credit policy, the Bank has formulated credit policies on energy industry, transportation industry, agriculture, forestry, animal husbandry and fishery industry, mining industry, oil and gas industry, raw materials industry and biodiversity, specifying differentiated credit granting strategies, access criteria and risk control and other relevant requirements to continuously promote green upgrading of the industry and to further help enhance the competitiveness of advanced production capacity.

Prevention and Control of ESG Risks in Credit Policies for Key Industries

Industry	ESG Risk Prevention and Control Policy
Energy industry	It is clarified that credit support will not be provided for projects involving ESG risks, such as substandard environmental impact

	assessment and pollutant discharge, ecological protection and immigrant resettlement failure, and hazardous waste disposal failure. For example, hydropower projects are required to implement immigrant resettlement and ecological protection programmes, and the sites shall not be located in prohibited areas; thermal power projects shall guard against the risk of rising environmental costs and the risk of traditional thermal power to be replaced with the rapid development of new energy technologies; coking projects shall guard against the risk of substandard environmental protection indicators and the risk of lacking of a <i>Pollutant Discharge Permit</i> .
Transportation industry	In terms of safety, energy saving and environmental protection, credit-granting customers are required to comply with relevant national regulations and standards, establish an environmental protection and regulatory system appropriate to corresponding scale, and carry out environmental quality monitoring activities on a regular basis. For example, credit support will not be provided to storage and logistics enterprises and projects involving hazardous chemicals.
Agriculture and forestry industry	It is clarified that credit support shall not be provided to enterprises with potential food safety risks, substandard production site environment, unqualified safety production testing, and controversial media and social opinion.
Mining industry	It is clarified that credit customers shall implement compliance procedures such as project establishment, environmental protection, pollutant discharge, safety and land; mining enterprises shall obtain core licenses such as mining license, resource reserve verification report, mine manager's safety qualification license and civil explosives use permit; credit support shall not be provided to mining enterprises included by the Ministry of Industry and Information Technology in the list of enterprises with backward production capacity, poor mining conditions and low quality.
Oil and gas industry	Credit support shall not be provided to customers or projects with potential safety risks, substandard capacity scale and environmental protection.
Raw material related	It is clarified that credit customers that use coal or petroleum as raw materials are explicitly required to guard against

industry	environmental protection and pollutant discharge risks, and new credit shall not be granted to enterprises with substandard environmental protection and high energy costs.
Biodiversity-related industry	The Bank incorporated biodiversity risk as an important risk category into a comprehensive risk management framework, established a biodiversity risk prevention and control mechanism at industry, region and project levels, considered biodiversity protection factors in the whole process of risk management and control such as credit access, paid close attention to the impact of relevant projects on biodiversity, identified and assessed ecological footprints arising from investment and financing activities, avoided and controlled relevant risks triggered by biodiversity factors, established risk mitigation measures, and comprehensively improved the governance, prevention and control of biodiversity risks.

Improving Green Financial Product System

Enriching the Product System. The Bank actively implemented the requirements of the State Council and the regulatory authorities on green finance, climate investment and financing, carbon emission reduction support tools and re-lending policies for clean and efficient use of coal, enriched the product system and drove green development by launching the green finance product system including "Green Investment Express, Green Finance Express, Green Supply Chain Express and Green Operation Express". Among them, the "Green Investment Express" product was launched to solve customers' capital pain points in the production process and help optimise the power supply structure and industrial restructuring by various means such as investment and loan linkage and M&A financing. The "Green Finance Express" product was launched to help enterprises revitalise their assets of carbon emission rights and accounts receivable through carbon emission rights trading, state subsidy factoring and other programmes to improve the efficiency of capital operation. The "Green Supply Chain Express" product was launched to help solve financing difficulties for upstream and downstream supply chain enterprises of core enterprises and unblock the ecological links through the supply chain finance platform. The "Green Operation Express" product was launched to help

enterprises and individuals achieve low-carbon operation and living through online and one-stop services. In addition, The Bank issued the first ESG-themed green structured deposit product among domestic commercial banks.

Introducing ESG Index Series. In response to the call for carbon peak and carbon neutrality, the Bank has developed the "Minsheng Bank ESG Index Series" to implement the Bank's green finance policy and practise the Bank's operational philosophy of social responsibility. The series consisted of three sub-indices: Minsheng Bank China Industry Leader ESG Index, Minsheng Bank Global ESG Asset Rotation Index and Minsheng Bank Overseas ESG Asset Rotation Index. The Indices combined enterprises and assets with high ESG scores in global assets with traditional broad asset class allocation strategies, invested in equity and bond assets in multiple countries, and enjoyed four key advantages, namely preferential allotment, flexible allocation, decentralised allocation and risk control. The index series helped investors to capture the investment returns of global sustainable enterprises on the one hand, and indirectly invested in enterprises that are more environmentally and socially conscious on the other hand. The products had excellent historical retrospective performance. Taking the Minsheng Bank Global ESG Asset Rotation Index as an example, the one-year product had a historical annualised average return of 3% and the three-year product had a historical annualised average return of 4.7%, which were highly competitive among principal-guaranteed wealth management products. The series products have gained widespread attention among investors since its issuance. As at the end of December 2021, the sales volume of the series reached RMB7.2 billion.

Participating in Green Bond. The Bank has launched new products and models such as "Photovoltaic loans", actively supported environmental-friendly financing needs, achieved breakthroughs in green bonds and green asset securitisation business, supported loan financing for projects in the field of carbon emission reduction, jointly launched innovative products such as "farmer photovoltaic" to support low-carbon transformation of enterprises and farmers, and issued the first publicly offered green bus ticket asset-backed notes in China. During the reporting period, the Bank actively implemented the national strategic deployments of financial support for sci-tech innovation,

common prosperity promotion and green development enhancement through product innovation, underwrote and issued 33 innovative debt financing instruments with a total scale of RMB13,436 million, of which 14 were underwriting-supported green development bonds with a scale of RMB4,289 million. The Bank also raised funds for green projects such as low-carbon transportation and helped 13 corporate issuers to develop in a green, low-carbon and sustainable manner. By empowering a number of issuers such as Yichun State-Owned Capital Investment Operation Group Limited, Jiaying Binhai Holdings Group Limited and Changzhou Rail Transit to carry out green bond financing business, the Bank jointly underwrote green bonds with a number of inter-bank financial institutions in the form of joint underwriting to assist in green development.

Supporting Carbon Trading. The Bank actively fulfilled its social responsibility for low-carbon development, conducting in-depth research and practice in the fields of clean energy and carbon emission rights trading, and providing comprehensive financial products and services to members of the national carbon trading market. Since the launch of the national carbon emission rights trading market, the Bank has been paying close attention to its development and actively engaged with relevant parties in the national carbon market. In July 2021, the Bank signed a strategic cooperation agreement on supporting the development of the national carbon market, continuously iterated and innovated a green financial product system that encompassed the "Green Investment Express, Green Finance Express, Green Supply Chain Express and Green Operation Express" to enrich and improve carbon financial products and provide all-round financial support to the national carbon trading market and its members. These green financial products have effectively helped key emission units to revitalise their carbon allowance assets, assisting customers to achieve efficient and low-cost financing, improving the financial attributes of carbon emission rights assets, and strengthening the regulation function of the carbon market as a policy tool for "carbon peak and carbon neutrality". On 16 July 2021, the national carbon market was officially launched. With our innovative spirit and professional services, the Bank successfully accessed the national carbon emissions registration and settlement system, and

completed several rounds of testing and optimisation before the launch of the market, and provided strong guarantee for the national carbon trading settlement.

Sustainable Development Consulting Services. The Bank continued to provide whole-process online services for the national carbon market, including account book system, online support, fund clearing and reconciliation query, and set up a project team to provide professional services such as account signing and binding and training for the national carbon market member enterprises. In addition, in response to the ESG requirements of a large e-commerce customer, the Bank customised ESG value improvement consulting services and green action plans for the customer, and matched customised financial service solutions. The plan proposed value improvement analysis and related suggestions, formulated future green action plans including new energy transportation system, distributed photovoltaic strategy, environmental protection packaging and de-plasticisation, low-carbon operation and other dimensions, and provided some major services, including Green Investment Express, Green Finance Express and green resource sharing, to address customers' investment and financing needs in green development ,as well as customised green financial services solutions. At the end of the reporting period, the customer contributed a total net income of RMB38 million to the Bank's corporate business, various loan balances up by 44% from the end of the previous.

Strengthening Whole-Process Risk Control

The Bank has established a whole-process ESG risk management system, covering all subsidiaries, operating institutions and business types. The Bank has established ESG risk information collection mechanism, clearly implemented environmental and social risk supervision requirements in due diligence, compliance review, credit approval, contract management, fund disbursement and post-loan management, strengthened environmental and social risk management of proposed credit projects, adhered to the "one-vote veto system" for environmental assessment, and continuously monitored and took corresponding risk mitigation measures and early warning measures in a timely manner according to changes in corresponding ESG risks.

The Bank clarified that it was expressly and strictly prohibited to provide credit financing to new customers including enterprises of backward production capacity that did not conform to the national industrial policies, and enterprises with substandard environmental protection, quality, safety, technology, and with major environmental and social risks, and reduced and withdrew from existing customers of these kinds. For socially and environmentally friendly green finance, etc., the Bank made full use of data-based tools to continuously improve the service efficiency for financing customers through measures including simplifying process and providing full authorisation. The Bank has formulated a customer credit due diligence report template, which clearly set out specific due diligence requirements on the environmental and social risk situation involved in customer financing according to the customer's industry and credit purpose, and strictly implemented requirements by laws and regulations at all levels. For financing activities involving environmental and social risks, the Bank shall investigate whether an environmental assessment has been conducted and whether relevant procedures have been obtained. In addition, the relevant environmental and social risks shall be verified and analysed through channels including competent authorities, industry associations, credit agencies, regulatory authorities, media and others against the corresponding information provided by the applicant, to ensure the authenticity and reliability of the investigation.

The customer credit due diligence includes but not limited to analysis of the following environmental and social risk profiles: labour and working conditions, explosives and chemicals management, pollution prevention and control, community health and security, land acquisition and involuntary resettlement, biodiversity conservation and sustainable management of living natural resources, respect on minority cultures and customs, cultural heritage protection, environmental and social risks on the supply chain, and environmental and social risk assessment and management system of the applicant, etc.

While conducting environmental and social risk assessment, the Bank effectively compared the environmental and social risk information provided by applicants with the information obtained from other channels (competent

authorities, industry associations, credit agencies, regulatory authorities, media, local people, etc.) to get a full picture of the environmental and social risks faced by the applicant. The information included but not limited to energy conservation assessment, environmental impact assessment result, feasibility study report, land use approval, project establishment (filing), and letter of opinions on safety review of hazardous chemicals construction projects.

Approval Case for the First-phase Project of Integrated Comprehensive Treatment of Urban Water Environment (Plant-net-river)

- The Bank pays attention to the development of green industries, provides financial products and services for environmental governance, and promotes the adjustment and upgrading of industrial structures;
- A project company operates an integrated comprehensive treatment project, covering raw water, water saving, water supply and drainage business, comprehensive treatment of urban sewage, utilization of recycled water, pipe network engineering, industrial wastewater treatment, solid waste treatment and disposal, hazardous waste treatment, soil erosion and rock desertification management and other various businesses.

Opinions on Preliminary Project Due Diligence

- The loan financing of this project is used for the construction of the coastal sewage treatment pipeline network. The project compliance procedures are complete. We check whether the compliance requirements and approval procedures are complete, such as: feasibility study report approval, environmental impact assessment, energy assessment, construction project site selection opinion letter, the demonstration report on the establishment of sewage outlets and the approval for the establishment of sewage outlets, etc.. All meet the requirements of national policy supervision.
- The applicant's sewage treatment project belongs to the category of green credit, which meets the access requirements of the Bank's risk policy and the access standards of the corresponding industry and region in the Bank's credit policy.



Additional Due Diligence Requirements and Enquiry Content

- Whether there is any abnormality after checking the industrial and commercial registration, the website of court enforcement, the website of judgment documents, Internet and warning information of the Bank.
- Sewage discharge data of the area covered by the sewage treatment project.



Conclusion

- Agree to provide loans to the project company.

Strictly Controlling Industries of “High Pollution, High Energy Consumption, and Overcapacity”

In accordance with the requirements of the state and the regulatory authorities to provide financial services for ensuring energy and power supply, the Bank has formulated differentiated credit policies based on the impact of the electricity reform and the dual control of energy consumption policy, combined with carbon emission reduction support tools and the re-lending policies for clean and efficient use of coal, in an aim to accelerate the exit from inefficient and backward enterprises and production capacity in the “high pollution, high energy consumption and overcapacity” industries, and to selectively support the credit needs of advanced enterprises and industry leaders in areas such as energy saving and carbon reduction, industrial upgrading, volume reduction and replacement, M&A, so as to steadily promote the green transformation of the credit structure and the “dual optimisation” of customers and assets. The Bank has also revised the energy consumption limit access standards for the “high pollution, high energy consumption and overcapacity” industries in line with the latest national industry energy efficiency benchmarks and benchmark levels. The Bank continuously strengthened risk control throughout the whole credit process of the projects, strictly implemented ESG risk assessment and reviews, and implemented a “one-vote veto system” for environmental protection. The Bank carried out stress tests for high-carbon emission industries to enhance the ability of risk prediction and establish forward-looking risk exposure and handling mechanisms.

Strengthening Green Finance Supporting

The Bank improved the efficiency of green finance service by further improving its green finance business management process, developing green financial business labels, strengthening green finance data governance, establishing a green finance monitoring and evaluation system, formulating improvement plans and enhancement schemes, increasing assessment and incentives, providing additional profit-making subsidies for green credit increments, and delegating pricing authorisation to business line management departments.

Carrying out Green Finance Training and Publicity

During the reporting period, the Bank organized and carried out two bank-wide green finance and ESG trainings to interpret green finance credit policies, and illustrate ESG risk identification and management process, green business identification standards, green finance keyword thesaurus, system label management, etc., in an aim to deepen all employee's understanding of ESG concepts, and enhance the green finance business capabilities of key risk personnel. Such training participants covered all departments and operating institutions of the Bank. At the same time, the Bank actively discussed with external consultancies about addressing climate risks, ESG management system and climate risk stress test, and sent delegates to participate in the Annual Conference of Green Finance held by the China Green Finance Commission, so as to improve their professional knowledge of green finance.

Responding to Climate Change

The Bank evaluated the impact of climate change by incorporating the climate risk management into its comprehensive risk management system, strengthening climate risk analysis, establishing climate risk stress testing mechanism and implementing climate risk sensitivity stress test on high-carbon emission industries. The Board of Directors actively deployed green finance, ESG and climate risk management, regularly listened to reports on important matters such as green bank evaluation and ESG management, approved and reviewed major matters such as green finance planning, policies and climate risk stress tests, and supervised the relevant implementation. Pursuant to the *Five-Year Plan for Green Finance Development of China Minsheng Bank (2021-2025)* and other related policies, the Bank further improved the “carbon management” system, and strengthened its support for key emission reduction sectors such as clean energy, clean production and green service, and for key areas including the Beijing-Tianjin-Hebei Integration, the Yangtze River Delta Economic Belt, the Guangdong-Hong Kong-Macao Greater Bay Area and the Chengdu-Chongqing Economic Circle. In 2021, in addition to the issuance of its first sustainable development bonds and China's first NSOE carbon neutrality bonds, the Bank participated in the roundtable session concerning response to climate risks held by International Finance

Corporation and the Alliance for Green Commercial Banks of Hong Kong Monetary Authority, and had panel discussion on topics such as climate risk stress test.

In 2021, China Minsheng Bank took part in the climate risk stress test initiated by the People's Bank of China, and evaluated the potential effects of transformation for carbon peak and carbon neutrality goals on the Bank's credit assets.

The test mainly focused on the Bank's enterprise customers with annual emission of carbon dioxide equivalent of over 26,000 tons in the sectors of thermal power, steel and cement (with reference to the Ministry of Ecology and Environment of the People's Republic of China's criteria for determination of key greenhouse gas emission enterprises). Assuming that the above-mentioned enterprises needed to pay a certain amount of carbon dioxide emission fees, the possible impact on their repayment ability was evaluated. There were three stress scenarios (i.e. mild, moderate and severe) set up for the test, mainly referring to the changes of carbon price in domestic carbon emission rights trading market and the carbon price in the Network for Greening the Financial System (NGFS). The test took the end of 2020 as the basis and had a period of 10 years. It was assumed that the enterprises were not supposed to perform low-carbon transformation during the testing period and had no upstream or downstream bargaining power.

According to the result of the test, the repayment ability of customers in the three sectors would decrease to certain extent under the stress scenarios, but the overall risk was controllable. Under the mild, moderate and severe stress scenarios, the Bank's capital adequacy ratios would be down by 0.08%, 0.14% and 0.15% respectively by 2030.

Implementing Green Operation

The Bank practiced resource conservation and environmental protection in the whole process of business operation, so as to achieve a balance between economic efficiency, social efficiency and environmental efficiency and realise sustainable development. In order to minimise resource consumption due to business paper usage and business travel, the Bank took a series of measures

such as promoting the construction of green operation system, formulating and implementing relevant green operation policies, building a large intelligent operation platform with high coordination and strong supporting power, focusing on smart operation and digital operation to provide customers with efficient, convenient and green online services through digital transformation, constantly innovating online products, and expanding the number of monthly active users and the trading size of payment business on online platform. During the reporting period, through continuous upgrading of online services, the Bank further put green operation into practice.

New intelligent devices. A new type of intelligent devices with functions such as human body detection, audio and video recording, multi-dimensional identity authentication, multi-card reading, fast deposit and withdrawal of large-value cash, and bill authentication, etc., which provided services with convenient human-machine interaction under various scenarios. The one-stop service conclusion rate was about 44.63%, bringing customers a convenient, comfortable and intelligent user experience.

Smart bank experience store. The Bank's first "smart bank experience store" has been built and operated for one year. It comprehensively innovated the intelligent experience of customers in banking outlets, made financial technology-based services more accessible, expanded new model-based roadshows, new product incubations, and new technology implementations. The smart bank established a comprehensive display window for the integrated sci-tech technological capabilities and financial services, and continued to maintain a high level of customer influence and brand promotion.

Centralised operation. The Bank continuously optimised operation model, carried out in-depth centralised business operation, to comprehensively enhance the level of intensification, standardisation and digitalisation of businesses, and effectively eases the operation pressure of employees at outlets and save customers' time for waiting. Besides, customers can make quick self-service reservation, contact the handling staff with one click and view the business progress in real time, which freed customers from repeated visits and improved the service experience.

IT-based documentation. The Bank realised online management and usage service for multi-category business files, practically improved the operational efficiency of business development and internal and external inspections, and sharply cut down the usage of paper and the travel of relevant personnel.

Green publicity. The Bank carried out green management on publicity channels in offices, and set up electronic advertising screens in its institutions, outlets and working places. All internal advertisements, including image promotional videos, business promotional videos, short videos, posters, roll-ups, print advertisements and other promotional materials, were released through this channel.

Conducting Green Procurement

To better implement green procurement policies, the Bank encouraged suppliers to incorporate environmental protection, energy saving and other requirements into their management system. The Bank gave priorities to the suppliers who have obtained the certification of environmental management system and whose products were certified as environmentally friendly. The Bank actively conveyed its proposition and support on the socially responsible procuring behaviours to the suppliers in order to facilitate them to improve environmental behaviours.

The Bank adhered to and implemented the concept of green procurement., and clarified the green access conditions and evaluation criteria, as well as the priorities to purchase energy saving an environmental friendly products, in the bidding requirements for procurement such as construction engineering projects, outlet constructions, IT equipment, and office furniture. As for construction engineering projects, the Bank clearly stated in the procurement documents that the building materials used by the suppliers should meet the requirements of environmental protection. As for display equipment projects, the Bank prescribed in the scoring rules for procurement that the products with energy conservation certification could obtain higher scores. As for office furniture projects, the Bank took it a necessary condition that the products should meet the country's environmental protection requirements, and incorporated environmental protection into the scoring rules when preparing

the procurement assessment standards.

Promoting Green Office

The Bank always adhered to green office operations, reduced energy resource consumption, and actively fulfilled its environmental responsibilities. The Bank strictly followed the national and local *Energy-saving Design Standards for Public Buildings* to carry out the development of green bank. The Bank revised the *Guidelines for Decoration and Design of Office Areas of China Minsheng Bank*, thoroughly implemented the concepts of green, energy-saving, and environmental protection into the construction of offices and business outlets, and reduced resource consumption and emissions and discharges of greenhouse gases, waste water, household garbage and hazardous wastes. During the reporting period, in order to improve the effects of energy conservation and emission reduction, the Bank built an energy management system to enhance energy-saving management and transformation of energy-saving technology. Meanwhile, the Bank comprehensively implemented the strategic positioning of “an agile and open bank”, encouraged flexible and agile working, actively promoted cloud meeting and video meeting, and convened 933 video meetings and 5,972 cloud meetings.

Site Design	Building Material	Lighting System
<p>The Bank required that new office buildings should retain and utilise, to a maximum extent, existing resources to minimise damage to the environment of the sites.</p>	<p>The Bank required that the main materials for office buildings and main functional areas of business lobbies should choose to use aluminum plates, stainless steel plates, LVT plastic flooring and other hard inorganic green material with good environmental compatibility.</p>	<p>The Bank required that the lighting in the foyer, front room and public walk way should use sound and light controlled time delay self-extinguishing switch, or intelligent lighting system with zoning and group control. The light source of luminaires mainly should be LED, the lighting power density (LPD) values of all rooms and other areas should be lower than the target value specified in the current national standard of Architectural Lighting Design Standard (<i>GB50034-2013</i>).</p>

Advocating resources saving and opposing extravagance, the Bank issued proposals, set up rolling bulletin boards, and posted posters to strengthen publicity and education, and cultivate good habits of resources saving of employees. In 2021, the Bank implemented reasonable measures for energy resource saving, carbon dioxide emission control and pollution control, and carried out measurement, statistic and analysis on energy resource and carbon emission. Regarding the use of resources, the Bank conducted occasional inspections and alerted employees and departments that violated the regulations. The Bank intensified the investigation on electricity consumption of all outlets, monitored electricity consumption expenditures, and conducted inquiries and supervision on outlets with significantly higher electricity consumption than average. The water consumed by the Bank was from the municipal pipelines. There was no problem in obtaining suitable water sources.

In 2021, the Bank held an online health campaign for employees with the theme of “Minsheng's Green and Low-Carbon Actions”. Aiming to encourage employees to undertake a healthy, civilised, green and environmentally friendly lifestyle and maintain a positive mental status, the campaign integrated daily exercise, green travel, waste reduction with environmental protection knowledge delivery, and delivered the education in an entertaining way.



Improving Policy Construction

The Bank started to formulate management measures on energy, green finance and energy saving, and established relevant incentive mechanism and rewarding and punishing mechanism.



Stopping Catering Waste

The Bank put a firm stop to catering waste by responding to the initiative of “empty-plate campaign” and creating a good atmosphere of “shame on waste and honour on saving”.



Managing Fixed Assets

The Bank carried out whole-process management and control over its fixed assets in terms of purchase, use, storage, maintenance, allocation, inventory, disposal and recovery, and extended recycle period of fixed assets as long as possible through repair and maintenance, and promoted the recycling of discarded office premises to improve the efficiency of use and reduce waste of resources.

Saving Paper



The Bank made full use of the OA system to publish notices and announcements and to submit administrative, financial, HR, fixed assets and other matters for approval, in an aim to strictly control the amount paper documents printed or copied. The Bank encouraged double-side print or recycled use of office papers, e.g. to make drafts on the other side of a single-side printed waste paper. Adhering to the green and coordinated office, the Bank promoted paperless meeting system for internal meetings, and realised online viewing, annotating, sharing and screen projection of meeting materials, in an aim to minimise the use of paper to the largest extent while improving meeting efficiency and sharing information, and contribute to the protection of environment and the fulfillment of social responsibilities.

Saving Water



The Bank controlled tap water output on the basis of meeting the basic requirements of use, improved maintenance of water equipment, changed taps to water-saving ones, and timely resolved water supply failure to stop water emitting, dripping, leaking, and long-running.

Saving Electricity



The Bank required to reduce standby consumption for automatic equipment including computers, printers and copiers, and to switch them off in time in case of long time no use and after work. The Bank chose to purchase energy-saving lighting facilities to reduce their power consumption, and turned off lighting facilities in public areas at regular intervals after work everyday. The Bank controlled the indoor temperature at around 25 degrees Celsius when using central air-conditioning, to reduce energy consumption.

Managing Vehicles



The Bank promoted the concept of green transport, maintained vehicles on a regular basis, reduced abnormal wear and tear of components, and provided regular fuel-saving training to drivers.

Environmental Goals

Goals for energy saving and carbon reduction: Though improvement of energy management system, enhancement of energy saving management, transformation of energy-saving technology, application of advanced equipment, and reduction of energy consumption and carbon dioxide emission, the Bank is expected to pass the Energy Management System Certification in 2022.

Goals for waste reduction: The Bank will constantly implement waste sorting and recycling, ensure 100% compliant disposal of hazardous wastes, and promote direct drinking water in office buildings to reduce procurement of bottled water.

Goals for water conservation: The Bank will choose to use water saving sanitary ware and water taps to reduce water waste.

Environmental Performance Indicators

Emissions

Indicator ^{1, 2}	2021
Exhaust emissions (in tonne)³	0.65
Nitrogen oxides (in tonne)	0.63
Sulphur dioxide (in tonne)	0.02
Total greenhouse gas emissions (scope 1 and scope 2) (in tonne)⁴	82,115.62
Direct emissions (scope 1) (in tonne)	8345.81
Natural gas (in tonne)	4,906.23
Coal gas (in tonne)	26.34
Diesel (in tonne)	365.25
Gasoline (in tonne)	3,047.99
Indirect emissions (scope 2) (in tonne)	73,749.81
Electricity purchased (in tonne) ⁵	73769.81
Greenhouse gas emissions per unit area (scope 1 and scope 2) (in tonne/m²)	0.07

Note:

1. The statistical scope of environmental performance indicators only covers the office buildings of the Head Office and the headquarters of 42 tier-1 branches.
2. The office area used for the calculating the intensities of emissions, energy consumption and wastes only covers the office buildings of the Head Office and the headquarters of 42 tier-1 branches.

3. In consideration of the Bank's business nature, exhaust emissions mainly refer to emissions from the Bank's vehicles, comprising mostly nitrogen oxides and sulphur dioxide.

4. In consideration of the Bank's business nature, greenhouse gases (GHGs) emissions arise mainly from purchased electricity and fossil fuel combustion. GHGs include carbon dioxide, methane and nitrous oxide. GHGs are measured in carbon dioxide equivalents and calculated based on the *2019 Baseline Emission Factors for Regional Power Grids in China* issued by the Ministry of Ecological Environment of the People's Republic of China and the *2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 Revision)* issued by the Intergovernmental Panel on Climate Change (IPCC).

5. The GHGs emissions of Hong Kong Branch are calculated by conversion factors provided by local power company.

Energy and Water Consumption

Indicators	2021
Energy consumption (in MWh)¹	151, 032. 60
Direct energy consumption (in MWh)²	34, 931. 71
Natural gas (in MWh)	20, 777. 50
Coal gas (in MWh)	196. 19
Gasoline (in MWh)	12, 558. 79
Diesel (in MWh)	1, 399. 23
Indirect energy consumption (in MWh)	116, 100. 89
Electricity purchased (in MWh)	116, 100. 89
Energy consumption per unit area (in MWh/m²)	0. 14
Water consumption (in tonne)	763, 982. 77
Water consumption per unit area (in tonne/m²)	0. 69

Note:

1. Energy consumption of the Bank mainly refers to natural gas, gasoline, diesel, coal gas and electricity purchased.

2. Energy consumption is calculated based on the amount of electricity and fuel consumption and the conversion factors provided in the *General Rules for Comprehensive Energy Consumption Calculation (GB/T 2589-2020)*.

3. Based on the nature of the Bank's products and services, packaging for finished products is not applicable for the Bank.

Waste management

Indicators	2021
Total hazardous waste (in tonne)	365. 98

Waste lead-acid accumulators (in tonne)	341.83
Hazardous waste consumables (in tonne) ¹	24.16
Hazardous waste unit area (in tonne/m²)	0.0003
Total non-hazardous waste (in tonne)²	21,465.22
Domestic waste (in tonne)	16,594.72
Canteen waste (in tonne)	4,574.50
Office equipment waste (in tonne)	131.73
Electronic consumables waste (in tonne)	7.53
Electronic products waste (in tonne)	105.06
Security equipment consumables waste (in tonne)	38.18
Security products waste (in tonne)	13.51
Non-hazardous waste per unit area (in tonne/m²)	0.02

Note:

1. Hazardous waste consumables, including toner cartridges, carbon powder and cartridge, etc. purchased by the Bank, are calculated based on the data in the purchase list provided by the supplier.

2. Domestic waste and canteen waste among the non-hazardous waste are accounted for according to the data provided by the garbage collection and transportation company. Office equipment waste includes discarded or disposed office supplies (with fixed asset numbers) such as desks, chairs, bookcases, file cabinets, etc., and is calculated based on the actual scrapping each year. Electronic consumables waste includes U disk, consumables for teller's machine, mobile hard disk, mouses and keyboards, and is calculated according to the data in the purchase list provided by the supplier. Security equipment consumables waste, including fire extinguishers, walkie-talkies, and glare flashlights purchased by the Bank, are calculated based on the data in the procurement list provided by the supplier. Security products waste includes access control, monitoring equipment, etc. (with fixed asset numbers) discarded or disposed by the Bank, and is calculated based on the actual scrapping each year.

VII. People-Oriented, Growing Together with Employees

The Bank adhered to people-oriented development, valued talents and supported their career development, empowered employees with smooth career development channels, strengthened independent cultivation of young talents, and provided broader space for learning and growth to help employees achieve their individual value. By providing reliable conditions for safety and health protection, the Bank protected the rights and interests of employees. Valuing humanistic care for employees, the Bank paid attention to their amateur life, and organised various activities to constantly enhance employee satisfaction and happiness.

Protecting Employees' Rights and Interests

The Bank strictly abided by the *Labour Law of People's Republic of China*, the *Labour Contract Law of the People's Republic of China* and other laws and regulations, and strictly prohibited any form of discrimination, harassment or harm on employees. The Bank also formulated the *Administrative Measures on Labour Contracts of China Minsheng Bank (Revised)*, the *Administrative Measures on Employee Induction of China Minsheng Bank* and the *Administrative Measures on Employee Departure of China Minsheng Bank* and other management systems. In the process of signing, renewing, terminating and rescinding labour relations, the Bank strictly abided by legal procedures to ensure that relevant procedures were fair and open, irrespective of gender, race or other factors. The Bank provided employees with necessary job-specific development training based on business development needs and job requirements, and created a harmonious working environment through effective communication.

Improving Welfare Mechanism

- The Bank provided basic social welfare and in-house benefits for all employees, and paid basic social insurances including basic pension, basic medical care, unemployment, work injury and maternity, as well as housing provident fund on a timely basis, so as to protect employees' labour rights and legitimate rights and interests. The Bank established annuity system to provide employees with supplementary medical insurances and health check, and continued to improve employee benefits.

Complying with Labour Standards

- The Bank banned employment of child labour, prohibited forced labour and took measures to prevent such practices, which included adopting prudent review and supervision measures in employee recruitment and appointment procedures, enhancing training of major contractor providing HR services. Any violations will be subject to internal disciplinary action or procedure by the relevant law enforcement authorities.
- During the reporting period, the Bank did not employ child labour, place young staff in dangerous jobs, or involve in forced employment or forced labour, nor did it violate the laws and regulations relating to child labour and forced labour.

Improving Employee Satisfaction

- During the reporting period, the Bank completed the employee satisfaction index evaluation and analysis as well as management research and judge report covering 97.25%, and drew up improvement measures for issues raised in the report, finally forming a work plan to improve the happiness index.
- The Bank launched activities such as “Aid for people in needs”, “Bamboo Forest Happiness Index Improvement Project” and “Happiness Assistance” project, expanding the institutional channels for employee services and actively assisting employees in difficulties.

During the reporting period, the Bank won the “2021 Top 30 Employers of China” award jointly issued by zhaopin.com and the Institute of Social Science Survey of Peking University, and won the “2021 Top 100 Excellent Employer of China” award and the “2021 Human Resource Strategy Excellence” award issued by China Employer Excellence Selection Committee.

Key Performance Indicators Related to Employment in 2021

Employment Profile in 2021¹		
Indicators	Headcount²	Percentage
Total employees	57,613	100%
By employment type		
Full-time	57,613	100.0%
Part-time	0	0.0%
By gender		
Male	25,547	44.3%
Female	32,066	55.7%
By age		
<=30	14,707	25.5%
31 to 50	41,263	71.6%
>50	1,643	2.9%
By geographical region³		
East China (including Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi and Shandong)	17,027	29.6%

Central China (Henan, Hubei, Hunan)	4,116	7.1%
North China ⁴ (Beijing, Tianjin, Shanxi, Hebei, Inner Mongolia)	21,683	37.6%
South China (Guangdong, Hainan, Guangxi)	5,865	10.2%
Northwest China (Shaaxi, Gansu, Qinghai, Ningxia, Xinjiang)	2,065	3.6%
Northeast China (Heilongjiang, Jilin, Liaoning)	2,228	3.9%
Southwest China (Chongqing, Sichuan, Guizhou, Yunnan, Tibet)	4,367	7.6%
Hong Kong, Macao and Taiwan	262	0.5%
By ethnic group		
Ethnic minorities	2,597	4.5%
Ethnic majorities	55,016	95.5%

Note:

1. The scope of employee data covers the Head Office, branches and sub-branches at all levels of China Minsheng Bank.
2. The number of employees is the headcount as at 31 December 2021.
3. The headcount of each region is the total number of employees of the branches in each region.
4. The Head Office and the Credit Card Centre are included in North China for statistics.

Key Performance Indicators Related to Turnover in 2021

Employment Turnovers in 2021	
Indicators	Turnover rate ^{1, 2}
Total turnover rate³	6.15%
By gender	
Male	6.66%
Female	5.74%
By age	
<=30	8.96%
31 to 50	5.57%
>50	2.58%
By geographical region	
East China (including Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi and Shandong)	6.36%
Central China (Henan, Hubei, Hunan)	5.58%
North China (Beijing, Tianjin, Shanxi, Hebei, Inner Mongolia)	5.70%
South China (Guangdong, Hainan, Guangxi)	6.54%
Northwest China (Shaaxi, Gansu, Qinghai, Ningxia, Xinjiang)	6.54%
Northeast China (Heilongjiang, Jilin, Liaoning)	7.19%
Southwest China (Chongqing, Sichuan, Guizhou, Yunnan, Tibet)	5.72%
Hong Kong, Macao and Taiwan	16.73%

Note:

1. The employee turnover rate data covers regular employees of the Head Office, branches and sub-branches at all levels of China Minsheng Bank.
2. The employee turnover rate is calculated based on the active/passive turnover of employees.

3. The employee turnover rate represents the ratio of the number of turnovers in 2021 to the headcount of all employees as at 31 December 2021.

Democratic Management of Employees

In accordance with relevant provisions of the *Labour Union Law of the People's Republic of China* and the *Constitution of Labour Union of China*, the Bank actively put the *Provisions on the Democratic Management of Enterprises* into practice, supported the independent work of the labour union and the democratic election of its chairman, and made available relevant funds, so as to protect the democratic management rights of employees. During the reporting period, the Bank held three sessions of employee representatives congress in accordance with relevant requirements of the *Measures on the Implementation of Democratic Management of Enterprises in the Financial Sector of China*, and the *Operating Procedures for Employee Representatives Congress in the Financial Sector of China*. It was deliberated at the congresses the *Administrative Measures on Corporate Annuity of China Minsheng Banking Corp., Ltd. (Revised)* and the *Corporate Annuity Scheme of China Minsheng Banking Corp., Ltd. (2021 Revision)* and other important systems and items which were relevant to the interests of employees, and the employee supervisor election was carried out, effectively guaranteeing employees' rights to know, participate, report, and supervise.

Launching the Platform of "Voices of Minsheng"

- The Bank launched the platform of "Voice of Minsheng" to promote the implementation of democratic management. It collected and addressed business development needs at grass roots, established long-term feedback mechanism for issues brought forward by employees, summarised key issues on a regular basis to report to the management for making decisions, and published the solutions for problems. The platform supported anonymous question submission to protect privacy and information security of employees, along with a subsequent question-adding and anonymous evaluation mechanism, by which employees can add unlimited subsequent questions after receiving the feedback to ensure that the issue is finally solved. The platform operation team, composed of staffs from the Executive Office of the Head Office, is responsible for coordinate, trace and push forward the whole problem-solving process of, as well as for evaluate the results and timeliness of problem-solving of the answering department. Nearly 100 issues were collected and solved via the platform throughout the year.

Respecting Employees' Right to Appeal

- The Bank formulated the *Punitive Measures on Violations by Employees of China Minsheng Bank*, which clarified the procedures of reconsideration and appeal when an employee was held accountable. If the punished employee has any objection to the decision, he/she may apply for reconsideration or appeal to the Accountability Commission in written form. The Accountability Commission shall make a decision on the consideration within the specified time limit. After the reconsideration or review, the Accountability Commission may maintain, revoke or change the original decision of punishment.

Protecting Female Employees' Rights and Interests

The Bank earnestly protected the legitimate rights and interests of female employees, valued the care of female employees, and established the Committee for the Protection of the Rights and Interests of Female Employees of the Labour Union to continuously strengthen the protection and care for the physical and mental health of female employees.

During the reporting period, for the purpose of protecting the legal rights and special interests of female employees, creating a harmonious working environment and better delivering the care for female employees, the Labour Union of the Head Office initiated various exclusive activities for female employees, including the building of “care room for female staffs”, increasing health check items for female employees, organising the campaign of “Online Health Consultation - Special Care Season for Female Staffs” and the female employee rights and interests protection knowledge live streaming class titled “Care for Female Staffs · Law at Your Side”, and distributed the *Mini Manual of Legal Knowledge for Female Staffs to Protect Rights and Interests*, the *Guidelines for Promoting Gender Equality in Workplace* and other reading materials, and laid a solid foundation for comprehensively promoting the protection of female staffs' rights and benefits.

Improving Talent Development Channels

Valuing employee development and cultivation, the Bank provided employees with career development platform with equal opportunities, clear channels and reasonable appraisals, to enhance the building of workforce based on the strategic transformation plan.

Improving Capability of Senior Management and Reserved Talents.

The Bank partnered with Renmin University of China to deliver joint training programs for senior leadership and senior management, and developed and offered the training programs of digital finance pioneers with Harvard Business School, continuously improved the capabilities for strategic digital transformation and innovation of the leader teams. The Bank optimised the structure of the managerial teams, strengthened the reserve and cultivation of senior management talents, and endeavoured to cultivate a team of senior managerial successors who are great-minded, visionary, entrepreneurial, dedicated to reform and responsible. The Bank focused on the core managerial team and key teams of strategic transformation, and launched training camps to improve the ability of senior management and reserved talents.

Smoothing Channels for Talent Development. The Bank developed full-cycle talent management mechanism, and drove talent selection and recruitment for the key business areas including business segment, risk management segment and fintech segment, aiming to arrange professional talents for all sectors. At the same time, the Bank developed supporting mechanism for mid- to long-term talent development on a trial basis, including the establishment of a job-specific authorisation system and a market-oriented job title and growth point mechanism, to help employees achieve career development.

Optimising Remuneration Management System. The Bank's remuneration closely followed the strategic transformation requirements and the Bank's business objectives, promoted the construction of a new model with high-quality and sustainable development through forward-looking and precise investment in HR capital. Employees' annual remuneration reflected the relationship between remuneration and business performance, risk prevention and social responsibility. On premise of distribution according to work, the Bank encouraged employees to continuously improve their individual capabilities and value contributions based on performance appraisal, empowering employees to grow together with the Bank. During the reporting period, the Bank constantly performed structural adjustments of remuneration, so as to fully ensure the remuneration level of front-line employees, young employees and key employees.

Building Closed-loop Management System for Performance Appraisals. In terms of performance appraisals management, the Bank adopted a multi-dimensional performance evaluation model, set evaluation indicators in a differentiated manner based on the characteristics of job responsibilities, and conducted comprehensive evaluations and feedback on employees' job post performance contribution, compliance management, employee behavior management, ability development and other aspects to ensure the comprehensiveness, fairness and impartiality of the performance evaluation results. The Bank clarified the mandatory distribution rules of performance results, guided the management and employees to implement performance improvement, continued to improve the comprehensive ability of employees and the level of organisational efficiency, and achieved the coordination and unification of employees' career development and the Bank's strategic goals. The Bank continued to improve regular performance appraisals management by adopting the following three measures:

Establishing Complete Policy System

- The Bank has built a closed-loop performance management system covering "Goal setting- Tracking and guidance- Appraisal and implementation-Feedback and improvement", and unified the authority and standard requirement of performance management of the whole Bank.

Strengthening Compliance Management Requirements

- The Bank incorporated the indicators, such as compliance and employee behaviour management, into performance appraisal, and guided all institutions to further strengthen compliance management through performance management.

Enhancing Continuous Supervision on Standardised Performance Management

- The Bank organised and carried out cross on-site inspections on standardised management of Party building and HR throughout the Bank, continuously tracked the implementation of all institutions, while reinforcing system control and implementing performance process management.

Clarifying Talent Channel Development Strategy. Pursuant to the *Five-year Development Plan of China Minsheng Bank (2021-2025)* and the guidance of talent strategy, the Bank led the establishment of the recruitment system of campus recruitment and social recruitment to optimise the talent and

succession pool across the Bank. The Bank put forward the goal of developing young talent teams and clearly defined the proportion of campus recruitment, so as to develop a strategic talent supply chain and enlarge the talent pool. Besides, all institutions formulated recruitment plans based on business development needs and talent analysis, so as to effectively predict recruitment demands .

Introducing in Core Talents. Focusing on the key areas of the strategic reform, the Bank promoted the introduction of core talents in the sectors of fintech, wealth management, assessment and risk, and provided equal employment opportunities. In response to the requirement of “integrating into the national strategy and developing regional characteristics and advantages”, the Bank increased its HR support to the attraction of talents in key regions and business areas by formulating lists of job positions for of leading talents, and carrying out special recruitment.

Optimising Graduate Cultivation System. The Bank attracted, selected and cultivated outstanding young talents, constantly built campus recruitment brands, developed and optimised unique graduate recruitment projects. With the main brand of “Future Banker” and the sub-brands of “Sailing Management Trainee Programme”, “Minsheng Chip Fintech Talent Programme” and “Fresh Bamboo Professional Talent Programme”, the Bank has developed a campus recruitment system to bring in outstanding graduates with diversified professional backgrounds. The Bank organised all institutions to carry out campus recruitment in spring, summer and autumn, and formulated campus recruitment plans covering the whole process of publicity, written test, interview and employment. By carrying out publicity activities in key universities and colleges through multiple online channels and joint actions of the Head Office and branches, the Bank expanded the coverage of its campus recruitment and enhanced its employer brand influence. At the same time, to improve the quality of talent selection and build a high-quality talent team and succession plan, the Bank organised all institutions to conduct interviewer training and selection, enriched the forms of interview, and developed systematic and scientific talent selection schemes. After boarding, the Bank provided new employees with systematic cultivation, whole-process coaching

from mentors and growth points, and built supply chains of distinctive talents, in an aim to ensure healthy business development, maintain vitality and stability of all teams. With the implementation of the “Fresh Talent Programme”, the Bank actively promoted talent rotation among the Head Office, branches, and the front, middle and back offices, organised orientation and rotation trainings for graduates in an orderly manner, so as to provide employees with adequate professional practices and enhance their professional values and sense of achievement.

Developing Brand New Training System. Focusing on the strategic development of the Bank, the trainings integrated into business operation and talent development chains, centred on the development of the organisation and employees, and took the enhancement of quality and efficiency as its direction. By strengthening technology-driven innovation, the Bank endeavoured to develop a brand new training system that adapts to the organisation, satisfies business needs, attracts employees’ involvement and delivers excellent outcomes. The Bank revised the *Administrative Measures on Employee Education and Training of China Minsheng Bank*, the *Measures on Course Development and Management of China Minsheng Bank* and other important systems to enhance course quality and its management. In 2021, the Bank completed trainings for employees with a total 6.55 million attendances, organised qualification certification of 315 items within the Bank, held 681 key training programmes and innovatively organised 417 live streaming classes, which effectively improved employees’ professional skills.

Driven by the construction of learning map, the Bank has built a new hierarchical and classified training system that was closely connected with the needs of organizational capacity improvement and the career development of employees. During the reporting period, the Bank promoted the establishment of learning map for credit review and approval sequences, preliminarily completed mechanism design, map drawing, and a development plan for supporting curriculum resources. The Bank carried out the construction of pilot sequence learning maps. Three sequence learning maps for software development, data platform and information technology, have produced 26 professional abilities and 131 learning topics. Moreover, the learning map for

retail wealth management service sequence was divided into learning paths of “three levels and nine grades”, matching more than 400 micro-courses to achieve precise empowerment. The learning map for lobby service sequence completed the key designs of ability model, learning path, and evaluation system, and completed the development of 154 courses in the first phase.

Supporting Professional Qualification Certification. The Bank encouraged and supported all employees to obtain relevant qualification certificates and provided open learning resources in relation to qualification accreditation to all employees on the internal learning platform, and supported employees to get the relevant certification and accreditation, as well as to participate in external training classes and lectures organised by external institutions to obtain core certificates such as CFA and FRM during their employment, so as to enhance employee’s professional skills for specific position.

Key Performance Indicator Related to Employee Trainings in 2021

Training hours of employees in 2021	
Indicators	Average training hours ¹ (hour)
All employees	76.3
By rank	
Senior management	68.8
Mid-level management	72.4
General employees	81.1
By gender	
Male	75.0
Female	77.4
Percentage of employees trained in 2021 ²	
Indicators	Percentage of employees trained ³ (%)
By rank	
Senior management	98.3
Mid-level management	99.7
General employees	98.9
By gender	
Male	99.0
Female	98.9

Note:

1. The average training hours of employees represents the ratio of the total training time recorded in the Bank as at 31 December 2021 to the average headcount of the Bank in the year.
2. The percentage of employees trained represents the ratio of employees taking trainings as at

31 December 2021 to the average headcount in the year.

3. The scope of the percentage of employees trained covers the Head Office, branches and sub-branches at all levels of China Minsheng Bank.

Protecting Health and Safety

Caring for the Well-Being of Employees

The Bank attached great importance to employees' health and safety. In strict accordance with relevant national laws and regulations such as the *Labour Law of the People's Republic of China*, the Bank managed employees' safety and health by providing them with comprehensive insurance schemes, including accident insurance, comprehensive medical insurance, etc. Two defence lines have been built to protect employees from occupational and health risks:

Defence Line 1

- The Bank followed the provisions set out in the *Employment Contract* and the rules for employee relation management to provide working protection, working condition and occupational hazard protection, and ensured process compliance. The Bank purchased work injury insurance for employees in full amount and proceeded with work injuries in compliance with the relevant laws and regulations.

Defence Line 2

- The Bank formulated labour relation management regulations concerning labour protection and included them in the *Employment Contract*, checked the implementation of Defence Line 1 and other regulations on a regular basis, and organised relevant trainings and lectures.

During the reporting period, the Bank actively responded to the *Outline of "Healthy China 2030" Plan*, the *Opinions of the State Council on Implementing Health China Action* and the *Key Points for the Health of Officials and Employees of China Banking and Insurance Regulatory Commission 2021*, and formulated the *Work Plan for Physical and Mental Health Care for Employees* and the *Implementation Plan for Strengthening Physical and Mental Care for Employees*. Taking account the basic duties of the labour union, the Bank deepened care for all employees.

The Bank carried out co-building activities with employees to build it into a home for all employees. The Bank organised a variety of mass sports activities

to enrich their life and improve their physical fitness. The activities enhanced the physical and mental care for all employees in an all-round way and helped all employees grow happily, building sound workplace ecosystem and improving efficient operation.

The Bank also opened the EAP hotline, and set up a 24/7 psychological counseling hotline for all employees. During the reporting period, the Bank organised a series of career psychology lectures and psychology micro-classes for different groups. The Bank also organised employee health knowledge educations for all employees, so as to enhance their mental health, encourage them to work with positive attitudes and stimulate vitality and passion of teams.

Regular Pandemic Prevention and Control Mechanism

Under the severe situation of regular pandemic prevention and control across the country, the Bank effectively protected the safety of property, employees and customers of business outlets. The Bank constantly coordinated and promoted the pandemic prevention and control works, requiring business outlets to strictly implement relative prevention and control policy requirements by conducting regular cleaning and disinfection, wearing masks at work, and maintaining safety distance of more than 1 meter during services. The Bank required online customer service to be available for 24 hours a day in order to promptly guide customers to prevent financial fraud performed by lawbreakers during the pandemic. The Bank strictly implemented the rules of “daily reporting and zero reporting”, and the labour unions at all levels purchased protective equipment to ensure the safety of employees. Moreover, special funds have been established for the employees infected and their families, while psychological counseling has been provided, so as to comprehensively strengthen pandemic prevention and control.

Strengthening Safety Prevention and Control System

Strictly abiding by the *Work Safety Law of the People’s Republic of China*, the *Fire Protection Law of the People’s Republic of China*, the *Requirements for Bank Security Protection* and other laws and regulations, the Bank set up a

work safety committee with the chairman as the head and covered the whole Bank and the work safety committees of 41 branches and all subsidiaries., and established the organisational system and working mechanism for the work safety of the Bank. By improving the fire prevention and control system, the security management of business outlets, the fire safety management of workplace, and the safety awareness of employees, the Bank endeavoured to provide employees with a safe working environment and protect employees from occupational risks.

Improving Management Measures. Pursuant to the *Work Safety Law of the People's Republic of China*, the *Emergency Response Law of the People's Republic of China* and the *Contingency Plan for Banking Emergencies*, in order to strengthen the work safety management of Bank, fulfill the responsibilities for work safety supervision and management, prevent and reduce accidents at work, and protect the safety of employees, customers and property, the Head Office formulated the *Administrative Measures on Work Safety of China Minsheng Bank*, the *Administrative Rules for Safety and Security Work of China Minsheng Bank*, the *Detailed Rules for the Management of Safety and Security Emergency Response of China Minsheng Bank* and the *Implementation Rules of China Minsheng Bank for Safety and Security Inspection* to regulate the work safety of the Bank. The Bank also formulated the *Office Building Fire Protection Inspection List of China Minsheng Bank* to guide and implement the Bank's fire safety inspections, and to rectify issues identified during the inspections.

Safety Trainings for Employees. The Bank regularly organised trainings on safety knowledge and skills, and conducted emergency drills. Every year, business outlets are required to organise no less than 4 emergency drills and 2 fire evacuation drills. Security departments of institutions at all levels are responsible for the unified arrangement of drills and the development of drill plans, while sub-branch outlets organise employees to implement the drill plans. Constant trainings and drills have effectively improved employees' security awareness and emergency response capabilities. During the reporting period, the Bank organised 28,800 security trainings sessions with 606,945 attendances, conducted 7,616 emergency drills of different types with 172,391

attendances.

Reinforcing Fire safety Management. The Bank strictly conducted safety and fire prevention inspections. The security guards conducted safety inspections on each floor and in each room at least once a month and supervised the rectifications. The Bank organised professional trainings for staffs responsible for fire prevention management, with focuses on implementing accountability, cultivating awareness, improving skills, responding to fire accidents and rescue skills.

During the reporting period, the Bank insisted on moving forward the defence lines, giving priorities to handling of emergencies, clarifying position responsibilities and assigning responsible personnel, and successfully responded to local extreme natural disasters. In the summer of 2021, Zhengzhou was hit by heavy rainstorms and floods, and lives and properties of the employees of the Bank were seriously threatened. The relevant branches there took actions in response to the flood. Before and after the "7.20" rainstorm, 251 rescuers were dispatched, 84 employees and their families were rescued, and 16 outlets were out of danger through rescue. It ensured the life safety of nearly 2,000 employees of the Bank in Henan Province, minimized the losses of more than 100 operating institutions of the Bank, and successfully accomplished the tasks of emergency rescue.

Key Performance Indicators Related to Employee Health and Safety in 2021

Employee health and safety in 2021		
Indicators	Headcount¹	Percentage⁵
Number of work-related fatalities occurred in the past three years^{3, 4} (including the reporting year)		
2021	0	0.0%
2020 ²	1	0.002%
2019	0	0.0%
Indicators	Number of days	
Lost days due to work injury (work injury leave)⁶	1145	

Note:

1. The number of employees is the headcount as at 31 December 2021.
2. The work-related fatality accident in 2020 was caused by a traffic accident at work, and the employee passed away after the rescue. After the accident, the Bank carried

out work injury recognition procedures and made compensation for the employee in accordance with relevant national regulations, and provided condolences to the families of the employee.

3. The scope of work injury and work-related fatalities covers the Head Office, branches and sub-branches at all levels of China Minsheng Bank.
4. Statistics on work injuries and work-related fatalities are collected based on the recognition of the local Human Resources and Social Security Bureau.
5. Rate of work-related fatalities = number of work-related fatalities/total number of regular employees
6. The number of lost days due to work injury is the total number of days of work injury leave of employees recognised by the local Human Resources and Social Security Bureau.
7. During the reporting period, a total of 24 people were injured at work, accounting for 0.04% of the total headcount of the Bank. The Bank constantly carries out safety education for employees to enhance their awareness of self-protection and accident prevention.

VIII. Financial Public Welfare, Minsheng's Care for the Society

The Bank adhered to share development achievements with the society, closely connected its own development with social progress, and continued to innovatively initiate social responsibility practices in the fields of paired assistance, congenital heart disease treatment, AIDS prevention and treatment, donation to education, environmental protection, emergency disaster relief, and cultural public welfare. The Bank passed warmth and energy through its actions, and endeavoured to contribute for a better society.

Supporting Rural Revitalisation

The Bank further increased its paired assistance to Hua County and Fengqiu County in Henan Province. Throughout the year, the Bank invested free assistance funds of RMB36.03 million, and introduced free assistance funds of RMB32.15 million. The Bank trained 2,563 grass-roots leaders, 836 entrepreneurial leaders, and 18,969 technical personnel. The Bank directly purchased RMB30.24 million agricultural products from areas that have been lifted out of poverty, and assisted the sales of RMB12.68 million agricultural products from those areas. At the same time, the Bank built a unique assistance system of “one branch revitalising one town” to jump out from the “point-to-point” model of paired assistance, and achieved the paired construction of branches and sub-branches in the southeastern coastal areas, tier 1 and tier 2 cities, with all towns in the two counties, and formed an all-round and three-dimensional cooperation.

Based on the achievement of paired assistance, the Bank actively fulfilled its financial responsibility and provided free assistance funds of RMB3.70 million to Hezheng County and Lintao County in Gansu Province for the sixth consecutive year. Through education support, consumption assistance, paired Party building and other measures, the Bank helped Siqi County consolidate the achievements of poverty alleviation.

Fighting Against Disasters and Pandemic

In the face of the pandemic and other disasters such as flood, typhoon and earthquake, the Bank intensified overall planning and strict prevention and control, so as to ensure the safety in the workplace of business outlets and the orderly operation of the Bank. At the same time, the Bank provided sufficient credit resources, increased support for special pricing, and introduced a number of preferential policies to overcome difficulties together with enterprises.

Standardising Emergency Management and Supporting Pandemic Prevention. Many branches actively donated medical and daily supplies, engaged in voluntary service and called on employees to take part in pandemic prevention and control activities. They carried out various voluntary activities such as disinfection for pandemic prevention, anti-pandemic knowledge promotion, health condition registration, temperature check and distribution of materials, to fight against COVID-19 with concerted efforts.

Actively Participating in Disaster Relief and Guaranteeing Financial Services. In 2021, an extremely heavy rainfall attacked Henan Province, a 7.4-magnitude earthquake occurred in Maduo County in Guoluo Prefecture, Qinghai Province, and the typhoon “Fireworks” landed in Shaoxing. People of the whole country highly concerned about those disasters. The Bank leveraged its advantages to provide disaster relief supplies such as clothing, protective equipment and food to disaster-affected areas, alleviating the after-disaster materials shortage. Meanwhile, the Bank ensured the running of financial services and assisted local enterprises to operate normally, and helped the disaster-affected areas get through the difficulties.

Providing Credit Loan Resources and Reducing Financing Costs. The Bank provided stronger support for key companies of pandemic prevention and treatment, major infrastructure projects and key NSOEs by quickly offering credit support.. The Bank took the initiative to strengthen services for customers such as those engaged in providing medical services, health and pandemic prevention, manufacturing and procurement of pharmaceutical products, public health infrastructure construction, public utilities, and

supermarket logistics. The Bank also supported the financing needs of short-term goods reserve for pandemic prevention and control, and med- to long-term projects of technology research and development. For wholesale and retail, accommodation and catering, transport and logistics, culture and tourism and other industries that were significantly affected by the pandemic, the Bank didn't take back, cut off or delay loans, but extended the repayment period or renewed loans for those with difficulties in repayment.

Increasing Support for Special Pricing and Introducing Multiple Preferential Policies. The Bank expanded pricing authorisation for tier-1 branches, and conducted multiple convenient ways of batch approvals for key areas, key industries, and customers in the whitelist of pandemic prevention. The Bank introduced special funds transfer pricing (FTP)-based preferential and supporting policies for key areas and regions of pandemic prevention, streamlined financing needs of major enterprise customers of special focus in pandemic prevention, and built database for these customers and provided special FTP-based preferential support to reduce their financing costs. The Bank also introduced multiple policies to offers discounts and exemptions of service fee to assist pandemic prevention and donations. Account opening fees and management fees were exempted for corporate accounts opened for pandemic prevention purpose, and service fees were also exempted for donations and special funds for pandemic prevention purpose in various regions.

Simplifying Business Process and Improving Service Efficiency. The Bank has established a rapid response mechanism for appraisal, opened green approval channels, and adopted off-site approval. For the credit business, the due diligence, post-loan management and remote contract signing were achieved through the “remote video” investigation system during the pandemic, thus to promote digital processing of documents and enhance external data verification.

Strengthening Online Service and Facilitating Business Processing. During pandemic, in order to reduce physical contact, the Bank has increased the promotion of online basic financing products, scenario-based financial

products, intermediary business, open settlement and cash management platform, wealth management platform and online supply chain services through the wide use of online service platforms, products and services, so as to assist enterprises to process business without going to the counter.

Initiating Public Welfare and Charity

The Bank has continuously optimised the public welfare management mechanism, revised the *Administrative Measures on Public Welfare Funds of China Minsheng Bank*, and systematically implemented public welfare projects such as assistance to people in poverty or with difficulties, environmental protection, culture and arts, and community development, encouraging employees to participate in voluntary services and give back to the society.

During the reporting period, the Bank held the seventh “My Choice - Minsheng ME Innovative Funding Plan for Public Welfare”, a characteristic charity project, providing funds and capacity-building supports for the development of innovative public welfare projects in the field of rural revitalisation, community development, education support, health and welfare, and ecological civilisation. During the reporting period, 26 institutions from 15 provinces and cities nationwide were selected and granted the ME innovation fund for public welfare with a total of RMB14.7 million. The “ME Innovation Plan” has always followed the call of the country, the needs of the people and the focus of the society, and has continuously improved social influence and coverage. It has provided a total of RMB92.98 million to 161 public welfare projects, covering 30 provinces (cities or regions) and reaching 250 thousand direct beneficiaries, including migrant workers, disabled groups, and aging parents who lost their only child. The funding project was selected as one of the “Top 10 Public Welfare Projects” of the *Blue Book of Corporate Philanthropy (2021)*.

Selected Institutions and projects in the “ME Innovation Funding Plan”

Fields	Institution name	Project name
Rural Revitalisation	Qinghai Province Nyenpo Yutse Charitable Foundation	Making Dreams from the Plateau Come True - Innovations of Intangible Cultural Heritage

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	“Love without Boundary” Association for the Promotion of Public Welfare in Yuelu District, Changsha	County-Scale Public Welfare Talent Development Programme
	Shaanxi Service Centre for Social Organisation	Rural Revitalisation with Joint Efforts
	Weiyuan County Hangxin Chunyu Public Welfare Service Centre	“Shining Home and Shaping Conduct” Growth Care Programme for Children from Families in Troubles
	Zhenning Autonomous County Xiemei Social Work Service Centre	“Mom At Home” Dream Space Programme
	Deqin County Social Work Service Centre	Homeland Protection Action of Maoding Village
Education	HangZhou Six Bags Public Welfare Service Centre	“Mimosa” Sex Education in Western Counties Areas
	Rici Foundation	Magic School - Mental Health Education for Rural Children from the Perspective of Prevention
	Green Grass Youth Development Service Centre in Yuexiu District, Guangzhou	Further Education and Career Development Programme for Migrant Youth
	New Horizon Charity Foundation	Seed Teachers Development Programme under the “Homeland Nurtures the Future” Project
	Public Welfare Association of Chunhui Action in Yinjiang Tujia and Miao Autonomous County	Yinjiang Chunhui Dream Chasing Programme
	Jianyi Social Work Service Centre in Xingqing District, Yinchuan	Smart Kid Reading Corner in Classrooms
Community Development	Green Qinba Environmental Protection Public Welfare Service Centre in Ankang	Community Participation in Water Conservation Area Protection Programme for South-North Water Diversion
	Yongsheng County Rural Community Development Association	“Mom’s Pharmaceutical Garden” - Rural Revitalisation Led by Women
	Taiyuan Meizhimu Rehabilitation Training Centre for Exceptional Children	Xingxing Fresh Food Workshop
	Yixing Social Work Service Centre in Anning District, Lanzhou	Care for Migrant Children and Those in Difficulties
Health and Welfare	Aili Myasthenia Gravis Care Centre	Aili Rehabilitation Camp - Building a “Caring Specialist” Service System for Myasthenia Gravis Patients
	Butterfly Children's Hospices	Butterfly Children Care Programme
	Light of Hope Rehabilitation Centre in Qingyang District, Chengdu	“Fly to the Sky and Return to School” Project for Teenagers Experiencing Psychiatric Rehabilitation
	Yuntian Public Welfare Development Centre in Anning District, Lanzhou	Action of Warm Cups- Health Education and Social Support Network Construction

		Programme for Village Children in Gansu Province
Ecological system	Nature Conservation Association of Altay	New Homeland Programme for Xinjiang-Monglia Beavers
Innovative Practices in Paired Assistance for Rural Revitalisation	Lingbao Hongnong Academy	Collective Economic Development Programme in Huzhai Village, Lankao County
	Green & Shine Foundation	Green & Shine Science Class Programme for County-scale Rural Education Support
	Volunteer Association of Pingdingshan	Happy Community
	Shanghai BeBetter Development Consulting Centre	Financial Literacy Cultivation Programme for Rural Youth
	Chengdu Pad for Hope Public Welfare Service Centre	Pad for Hope “Internet + Education” Promotion Programme for Rural Schools

In addition, the Bank launched the “Treating Children with Congenital Heart Disease” programme for the ninth consecutive year, donating a total of RMB5 million for treating 150 minority children with congenital heart disease in South Xinjiang, which contributed to ethnic unity, social harmony and stability. During the reporting period, the Bank supported the AIDS prevention and control project of Chinese Red Ribbon Foundation for the thirteenth consecutive year, donated RMB4 million to implement the programme of “AIDS Prevention and Control in Liangshan Autonomous Prefecture”, and co-organised with the Foundation to hold a campus drama exhibition of “Focusing on COVID-19 and AIDS Prevention and Control, Sharing Health Responsibility”. In Xinjiang, the Bank also launched the “Minsheng Class in Beautiful Xinjiang” funding project, providing “one-on-one” financial support to 91 students in Akto County, Xinjiang, and offering internship opportunities. Concerned about biodiversity conservation, the Bank has cooperated with Nature Guardian Wildlife Conservation and Development Research Centre, a public welfare organisation, to support the “Patrol Guard Development Plan - Biodiversity Conservation” programme of Yunnan Youth Development Foundation, which addressed problems in biodiversity conservation, such as the shortage of patrol guards in the nature reserves, lack of professionalism, and inadequate team construction.

The Bank, together with the committees of the Chinese Communist Youth League at grass roots in Beijing and Beijing Minsheng Art Museum, launched

the youth volunteer cultural activity of “Aid for people in needs”. Voluntary service activities with distinct themes and diverse forms have been carried out extensively in all institutions. Employees were encouraged and guided to choose appropriate voluntary services based on their characteristics and expertise.

Promoting Cultural Public Welfare

The art institutions operated under the Bank's donations effectively played their roles in public services to strengthen the communication and cooperation with the government and public welfare organisations. The Bank held 7 important exhibitions such as “Tadao Ando - Youth” and “Meditations on the Urban Spectacle” throughout the year, and launched 127 public education activities, directly benefiting 500 thousand people. The Bank have received wide acknowledgment from all sectors of society for its positive contributions to public education and international cultural exchanges.

Beijing Minsheng Art Museum was rated as a 4A social organisation in Beijing and a non-state-owned excellent museum in Chaoyang District in 2021, and was also recommended as a tourist reception window service unit during the Olympic Winter Games Beijing 2022 by the Bureau of Culture and Tourism of Chaoyang District. Shanghai Minsheng Art Museum was awarded the “Demonstration Site” of life-long learning for culture and art experience base for Shanghai citizens in 2021.

Appendix: HKEX ESG Guidance

Requirements、 Subject Area、 Aspects、 General Disclosures and KPIs		Disclosure location or remarks
Mandatory Disclosure Requirements		
Governance Structure	<p>A statement from the board containing the following elements:</p> <p>(i) a disclosure of the board’s oversight of ESG issues;</p> <p>(ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and</p> <p>(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses.</p>	P9
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report (Materiality, Quantitative and Consistency).	P4-P5
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	P4
“Comply or Explain” Provisions		
A. Environmental		

Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	P49, P65
KPI A1.1	KPI A1.1 The types of emissions and respective emissions data.	P68-p69
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P68-p69
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P69-p70
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P69-p70
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	P68
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P68, P69-p70

Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	P68
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P69
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P69
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	P69
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	P66
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	P69
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	P62-P70
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P62-P70

Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	P61-P62
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P61-P62
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P71
KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	P72-P73
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	P73-P74
Aspect B2: Health and Safety		
General	Information on:	P81-P82

Disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P84-P85
KPI B2.2	Lost days due to work injury.	P84-P85
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P81-P85
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P75-P81
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P80-p81
KPI B3.2	The average training hours completed per employee by gender and employee category.	P80-p81
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P71-P72

	relating to preventing child and forced labour.	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	P71-P72
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	P71-P72
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	P45
KPI B5.1	Number of suppliers by geographical region.	P47
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	P45-P47
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P45-P47
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P64-P65
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to	P20-P29

	products and services provided and methods of redress.	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not materially related to the Bank's business
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	P25-P27
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	P47-P48
KPI B6.4	Description of quality assurance process and recall procedures.	Not materially related to the Bank's business
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P40-P45
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P35-P40
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P36
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they	P36

	are implemented and monitored.	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	P37-P38
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P89
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P86-P92
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	P86-P92