

2022 PRB Reporting and Self-Assessment of China Minsheng Banking Corporation Limited

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

1.1 Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

After 27 years of development, China Minsheng Bank ("the Bank") has grown into a bank group with financial licenses for commercial banking, financial leasing, fund management and investment banking outside the Chinese mainland. As at the end of 2022, the China Minsheng Bank and its subsidiaries ("the Group") had total assets exceeding RMB7.25 trillion, 2,608 business units inside the Chinese mainland, and nearly 60 thousand employees. In the Top 1000 World Banks ranking released by The Banker in 2022, the Bank was No.22. In the Fortune Global 500 published by Fortune in 2022, it stood at No. 273.

China Minsheng Bank proactively implements national strategies, focuses on the strategic positioning of becoming "a bank for non-state-owned enterprises (NSOEs), an agile and open bank, and a bank with considerate services", and strives to maximize the overall economic, environmental and social values.

As approved by the regulatory authorities, the Bank operates commercial banking businesses including deposits, loans, settlements, bills, bonds, interbank borrowing and lending, foreign exchanges, bank cards, letter of credit, etc. Corporate loans of the Bank mainly concentrate on industries of leasing and commercial services, manufacturing and real estate. In terms of business distribution by geographical regions, total loans of the Group to the Yangtze River Delta, the Bohai Rim, the Western Region and the Pearl River Delta ranked top four, accounting for 25.25%, 15.56%, 15.23% and 15.21%, respectively. In 2022, the number of effective corporate customers and the number of retail and private banking customers increased by 31% and 25%, respectively, as compared with the end of 2020. The number of small business customers with loan balances grew by 81% as compared with the end of the previous year.

Links and references:

P6-18, P22 financial-reports:

<https://ir.cmbc.com.cn/en/investor-relations/financial-information/financial-reports/>

P3.CSR Report:

<http://en.cmbc.com.cn/CMBCToday/ESG/CSRReport/index.htm>

P6,ESGReport:

<http://en.cmbc.com.cn/CMBCToday/ESG/ESGReport/index.htm>

1.2 Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

Yes

No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national

and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
- International Labour Organization fundamental conventions
- UN Global Compact
- UN Declaration on the Rights of Indigenous Peoples
- Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: The Sustainability Reporting Standards issued by the Global Reporting Initiative (GRI), The Green Finance Guidelines for the Banking and Insurance Industry issued by the former China Banking and Insurance Regulatory Commission and the Environmental, Social and Governance Reporting Guide issued by the Hong Kong Stock Exchange
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----
- None of the above

The Bank pays great attention to environmental protection and climate change, actively responds to the national initiative of building a beautiful China and China's goals of peaking carbon dioxide emissions before 2030 and reaching carbon neutrality before 2060, promotes the implementation of the development strategy of green finance, and supports a green, low-carbon and circular economy. The Bank has made concrete efforts to fulfill environmental responsibilities, create social values and promote sustainable development.

In terms of environmental responsibilities, focusing on the core strategy of improving green finance, the Bank has adhered to green development and full plays the financial leverage role to help achieve the goals of "carbon peaking and carbon neutrality". The Bank prevents environmental risks by restricting credit placement to high-polluting and high energy-consuming industries, and expediting exit from enterprises with out-dated productivity. Focusing on energy saving and emission reduction, clean energy, carbon emissions trading, low-carbon technologies and green life, the Bank has built green finance ecosystems, upgraded green financial product system, and continued to increase strategic investments. Meanwhile, the Bank advocates green office, practices green operation and encourages suppliers to implement environmental and social responsibilities through green procurement.

In terms of social responsibilities, the Bank has strengthened product innovation, increased the application of digital products, and optimized service quality while addressing consumer rights protection, constantly improving customer experience and serving customers attentively. The Bank has attached great importance to talent development and the protection of employees' legitimate rights and interests. Being employees' development-oriented, the Bank selected and appointed talents in an accurate and scientific manner, strengthened the cultivation and incentives for young talents, and provided them with broader spaces for learning and growing, so as to help them realize their personal value. Moreover, the Bank has actively shouldered social responsibilities, practiced inclusive finance, supported rural revitalization, and continued to invest in public welfare undertakings with in-depth and refined efforts, while continuously enhancing communications with communities to support their development and create social value.

Links and references:

P6, P13, ESG Report:
<http://en.cmbc.com.cn/CMBCToday/ESG/ESGRreport/index.htm>

Principle 2: Impact and Target Setting



Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

The impact analysis scope of the Bank mainly includes retail, corporate and other banking businesses. For retail business, the Bank focuses on general retail customers, wealth management customers and private banking customers, and has allocated financial products and benefit systems in a differentiated manner. The Bank has carried out in-depth operations of scenario-based finance such as travel, e-commerce, automobile consumption, etc., strengthened coordination with branches in terms of credit card business, and expanded the scale of transaction settlement, so as to improve the operating performance of retail business. For corporate business, the Bank has managed to increase strategic client base, and strives to become the "host bank" for small and medium customers in the ecosystems, industry chains and featured industrial parks of core enterprises. The Bank has reinforced the chain-based corporate-retail synergy and coordinated marketing, and realized integrated and comprehensive development of micro, small, medium and large enterprises and retail customers in corporate business ecosystems. For financial markets business, the Bank has improved the integrated marketing model for financial institution customer group, expanded the scale of interbank settlement and custody fund, and seized market opportunities to increase income from financial markets business.

The impact analysis of the Bank covers key regions including the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Hong Kong-Macau Greater Bay Area, and the Chengdu-Chongqing economic zone.

Links and references:

P22, financial-reports:

<https://ir.cmbc.com.cn/en/investor-relations/financial-information/financial-reports/>

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition your portfolio globally and per geographical scope

- i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- ii) by products & services and by types of customers for consumer and retail banking

¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#) .

³ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

<p>portfolios.</p> <p>If your bank has taken another approach to determine the bank’s scale of exposure, please elaborate, to show how you have considered where the bank’s core business/major activities lie in terms of industries or sectors.</p>	
<p>Corporate loans and advances of the Group are concentrated in the industries of leasing and commercial services, manufacturing, and real estate, accounting for 12.64%, 9.57% and 8.77% of total loans, respectively. Personal loans and advances of the Group are concentrated in small business loans, mortgage loans and credit card overdrafts, accounting for 15.01%, 13.84% and 11.18% of total loans, respectively.</p> <p>Through cultivating compliant and sound risk culture, establishing risk governance framework featuring effective checks and balances, setting unified risk preferences, risk management strategies and risk limits, executing standardized risk management policies and procedures, setting up complete management information system and data quality management system, and implementing strict internal control, review and evaluation mechanism, the Bank’s risk management has effectively covered all risk categories, all business lines, all processes, all units and all personnel.</p>	<p><i>Links and references:</i></p> <p>P6-18, P22, financial-reports: https://ir.cmbc.com.cn/en/investor-relations/financial-information/financial-reports/</p>
<p>c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.</p> <p><i>This step aims to put your bank’s portfolio impacts into the context of society’s needs.</i></p>	
<p>The Bank pays high attention to environmental protection and climate change, actively responds to national strategies related to green and low-carbon development, and takes green finance and ESG management as the important part and direction in its five-year development plan. The Bank has continuously upgraded the green financial product system of “investment, financing, chains and operation”, and constantly enriches the “Minsheng Bank ESG Index Series” and its related products. Based on the green financial product series of Green Investment Express, Green Financing Express, Green Chain Express and Green Operation Express under the brand of “Carbon Peaking”, the Bank has strengthened innovation and support in featured products such as “Emission Reduction Loan” and “Photovoltaic Loan”, and launched “E-Carbon Loan” and other innovative green financial products. The Bank has focused on carbon emission rights trading, low-carbon energy, low-carbon manufacturing, low-carbon operation and low-carbon benefits, launched the comprehensive service plan of “On the Road with Carbon”, constantly increased investments in bonds, ABS and other standardized assets related to green finance, and strongly supported the transition of economic and social activities to green, low-carbon and sustainable ones. As at the end of 2022, the balances of investments in green bonds and green credit were RMB42,226 million and RMB179,912 million, respectively, up by RMB12,088 million and RMB72,595 million as compared with the previous year, respectively.</p> <p>Based on the strategic positioning of becoming “a bank for NSOEs, an</p>	<p><i>Links and references:</i></p> <p>P53, CSR Report: http://en.cmbc.com.cn/CMBCToday/ESG/CSRRReport/index.htm</p> <p>P40, ESG Report: http://en.cmbc.com.cn/CMBCToday/ESG/ESGReport/index.htm</p>

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

agile and open bank, and a bank with considerate services”, the Bank gives play to its characteristics and advantages in serving NSOEs and micro, small and medium enterprises, fully supports the development of the real economy, actively practices inclusive finance, continues to explore and innovate business models, and constantly improves service capability. It steps up all-round digital transformation, strives to provide customers with digital, professional and comprehensive financial services, and create an open bank of coexistence, sharing and win-win cooperation. In 2022, the Bank provided even better financing support and financial services for the production and operation of micro and small enterprises, and cumulatively disbursed inclusive small business loans of RMB625,697 million and provided free assistance fund of RMB37 million to targeted assistance areas.

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁵? Please disclose.

In line with national strategies, the Bank has set up the strategic positioning of becoming “a bank for NSOEs, an agile and open bank, and a bank with considerate services”, and takes supporting the development of green finance and inclusive finance and reducing loans to inefficient and backward enterprises and production capacity in industries with “high pollution, high energy consumption, and overcapacity” as the major tasks for fulfilling social responsibilities. Through introducing a series of featured credit products and services such as “Commercial Loan Express”, “Industrial Loan Express”, “Agricultural Loan Express”, “Online Loan Express”, “E-Carbon Loan”, “Emission Reduction Loan”, “Photovoltaic Loan”, “Cotton Grower Loan” and “Revitalization Loan”, the Bank has given full play to its business advantages to continuously improve its capabilities in serving micro and small enterprises, green finance, rural revitalization and other key areas.

Links and references:
P6-13, financial-reports:
<https://ir.cmbc.com.cn/en/investor-relations/financial-information/financial-reports/>

d) For these (min. two prioritized impact areas): Performance measurement. Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank’s context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank’s current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank’s activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the [Annex](#).

If your bank has taken another approach to assess the intensity of impact resulting from the bank’s activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

⁵ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

In terms of environmental responsibility, the Bank has paid high attention to environmental protection and climate change, proactively identified potential risks and opportunities brought by the “Carbon Peaking and Carbon Neutrality” policies, formulated various management rules, and clarified the management system, division of duties and management requirements of green finance. The Bank has regulated the green finance-related management system and work contents, improved the standards, processes, caliber and scope for accreditation of green businesses, and clarified the business scope of carbon emission right pledge, and facilitated the development of green credit business.

In terms of social responsibility, the Bank has proactively implemented national macro strategic deployments and regulatory policies and requirements. The Bank has formulated the development plans and annual work plans for inclusive finance, deepened the optimization of systems and mechanisms, and accelerated innovations in digital finance. The Bank also put more efforts on credit policies, appraisal management, special incentives and team building, established inclusive finance committees at tier-1 branches to promote the management and development of inclusive finance at the primary level, enhance sustainable development capability and service quality and efficiency, practice the political awareness and people-centeredness nature of finance, thus to contribute to common prosperity.

Links and references:

P7-8, ESG Report:

<http://en.cmbc.com.cn/CMBCToday/ESG/ESGReport/index.htm>

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

- Scope: Yes , In progress , No
- Portfolio composition: Yes , In progress , No
- Context: Yes , In progress , No
- Performance measurement: Yes , In progress , No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Slowing down climate change, maintaining healthy financial position and practicing inclusive finance

How recent is the data used for and disclosed in the impact analysis?

Up to 6 months prior to publication Up to 12 months prior to publication Up to 18 months prior to publication longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: *(optional)*

⁶ You can respond “Yes” to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁷ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with⁸ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

The investment portfolio of the Bank actively echoes to the UN sustainable development goals (SDGs) and the Paris Agreement, and are in line with the national policies in relation to energy conservation and emission reduction, including “carbon peaking and carbon neutrality” and “controls over both the total amount and intensity” of energy consumption. In addition, the Bank has pushed forward green and low-carbon development, promoted harmonic coexistence between human and nature, and increased financial support to green industries in accordance with the programmatic documents and roadmaps, such as the Outline of the 14th Five-Year Plan for Economic and Social Development and Long-Range Objectives Through the Year 2035 of the People's Republic of China, the Guiding Opinions on Building a Green Financial System, the Guiding Opinions on Promoting Investment and Financing in Response to Climate Change, the Opinions on Comprehensively and Accurately Implementing New Development Philosophy and Working on Carbon Peaking and Carbon Neutrality, the Notice on Issuing the Action Plan for Realizing Carbon Peaking Before 2030. The Bank has worked hard on inclusive finance, contributed to the development of micro, small and medium enterprises and provided services related to agriculture, farmers and rural areas, and facilitated the implementation of the rural revitalization strategy.

Links and references:

P13, ESG Report:

<http://en.cmbc.com.cn/CMBCToday/ESG/ESGReport/index.htm>

⁷ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁸ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.
You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex. Please include the relevant indicators using the indicator code in the following table:

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>	
Slowing down climate change	A.3.1	As at the end of 2022, the balance of investments in green bonds amounted to RMB42,226 million, up by RMB12,088 million from the previous year. The balance of green credit amounted to RMB179,912 million, up by RMB72,595 million from the previous year.	
	A.4.1	In 2022, as the outcome of the Bank’s efforts in investing in green bonds and green credit, gradually reducing and withdrawing from inefficient and backward enterprises and production capacity in industries with “high pollution, high energy consumption, and overcapacity”, the conversion of energy saving and emission reduction of the Bank are as follows:	
		Conversion of Green Credit Energy Saving and Emission Reduction	2022
		Conserved standard coal equivalent (in 10,000 tonnes)	319.12
		CO2 emission reduction equivalent (in 10,000 tonnes)	466.08
		Chemical oxygen demand reduction equivalent (in 10,000 tonnes)	50.70
		Ammonia nitrogen emission reduction equivalent (in 10,000 tonnes)	1.06
		Sulphur dioxide emission reduction equivalent (in 10,000 tonnes)	9.55
		Nitrogen oxides emission reduction equivalent (in 10,000 tonnes)	3.09
Water consumption reduction equivalent (in 10,000 tonnes)	89.00		

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
Achieving healthy financial Position and	C.1.1	During the reporting period, the Bank cumulatively issued RMB625,697 million inclusive small business loans. The case of “Creating a New Model of Inclusive Finance and Further Improving Service Quality and Efficiency Through Digitalization” of the Bank was awarded the Innovation Case of Inclusive Finance Product and Service of Typical Cases of

practicing inclusive finance		Inclusive Finance in China (2022).
	C.1.2	All employees involved in related businesses have taken trainings in relation to inclusive finance.

c) SMART targets (incl. key performance indicators (KPIs)⁹): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

<p>The Bank attaches great importance to the strategies in relation to green development, takes green finance and ESG management as an important part and direction in its five-year development plan, and advances the implementation of green finance development strategy and facilitates the green, low-carbon and circular economy by paying attention to green credit scale, reducing greenhouse gas emissions and other targets.</p> <p>The Bank has proactively implemented national macro strategic deployments and regulatory policies and requirements. The Bank has formulated the development plan and annual work plan for inclusive finance, deepened the optimization of systems and mechanisms, accelerated innovations in digital finance, and improved the capability of sustainable development and the quality and efficiency of services by expanding the scale of inclusive small business loans and reinforcing trainings on inclusive finance.</p>	<p><i>Links and references:</i></p> <p>P13, P40-41, ESG Report: http://en.cmbc.com.cn/CMBCToday/ESG/ESGReport/index.htm</p>
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d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

<p>The Bank has formulated the Administrative Measures on Green Finance of China Minsheng Bank to clarify the management system, duty division of and management requirements of green finance. The Bank has established the Green Finance Committee to coordinate green development, and integrated ESG concepts into the Bank's core value. The Bank has improved the basic rules for green credit management, green finance statistics and carbon emission rights pledge and guarantee, which standardized the green finance management system and work content, improved the standards, processes, caliber and scope for accreditation of green businesses, and clarified the scope of application of carbon emission rights pledge businesses, so as to help promote the development of green credit businesses.</p> <p>The Bank has formulated the Five-Year Development Plan for Inclusive Finance of China Minsheng Bank (2021-2025), formulated annual work plans for small business finance and inclusive finance on a regular basis, and further deepened the optimization of mechanisms and systems. The Bank promoted innovations in products and services, enriched online distribution channels of products on mobile devices,</p>	<p><i>Links and references:</i></p> <p>P13, P40, ESG Report: http://en.cmbc.com.cn/CMBCToday/ESG/ESGReport/index.htm</p>
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⁹ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

enhanced accessibility of online financial services, improved the capability of sustainable development and the quality and efficiency of services, and practiced the political and people-centeredness nature of finance to facilitate common prosperity. During the reporting period, the accumulative amount of inclusive small business loans of the Bank reached RMB625,697 million.

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... <i>(please name it)</i> Green finance	... second area of most significant impact: ... <i>(please name it)</i> Inclusive finance	<i>(If you are setting targets in more impact areas) ... your third (and subsequent) area(s) of impact: ... (please name it)</i>
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank’s progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only):

describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

<p>In terms of environmental responsibility, the Bank has proactively supported environmentally-friendly financing demands, iterated sustainable development and green finance product systems, and provided fund supports to financial demands for green development in an all-around manner. The scale of green credit has expanded steadily. As at the end of 2022, the balance of investments in green bonds amounted to RMB42,226 million, up by RMB12,088 million from the previous year, and the balance of green credit amounted to RMB179,912 million, up by RMB72,595 million from the previous year.</p> <p>In terms of social responsibility, the Bank has given play to its characteristics and advantages in serving NSOEs and micro, small and</p>	<p><i>Links and references</i></p> <p>P13, P40, ESG Report: http://en.cmbc.com.cn/CMBCToday/ESG/ESGReport/index.htm</p>
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<p>medium enterprises. The Bank has actively carried out business outlets construction to ensure that financial services could reach more less-developed areas. The Bank has optimized and upgraded the mobile banking App, and strengthened online services. In terms of inclusive finance, through improving systems and mechanisms, promoting innovations in products and services, enriching online distribution channels of products on mobile devices, and enhancing accessibility of online financial services, the Bank provided “Commercial Loan Express”, “Industrial Loan Express”, “Agricultural Loan Express”, “Online Loan Express” and other innovative products for micro and small enterprises, launched online credit products such as Merchant Express Loan, new version of Tax Payment Happy Online Loan, and Value-Adding Loan, as well as regionally featured businesses such as Photovoltaic Loan and Cotton Grower Loan, in a bid to enhance the service capacity of inclusive finance. As at the end of 2022, the balance of inclusive small business loans of the Bank amounted RMB549,051 million, up by 8.76% from the beginning of the year. Meanwhile, the Bank has continuously launched financial products and services with rural characteristics to contribute to the national rural revitalization strategy. The accumulative number of customers reached 14 thousand.</p>	
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Principle 3: Clients and Customers



Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹⁰ in place to encourage sustainable practices?

- Yes
- In progress
- No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

- Yes
- In progress
- No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities¹¹). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

The Bank proactively serves national strategies, takes “carbon peaking and carbon neutrality” as an important part of implementing new development philosophy and integrating into the new development pattern, adheres to prioritizing ecosystem and green development, and constantly enhances comprehensive green financial service capabilities. In 2022, the Bank has concentrated on customers' demands for segmented scenarios, continuously upgraded the green financial product system of “investment, financing, chains and operation”, constantly enriched the “Minsheng Bank ESG Index Series” and its related products, and innovatively developed “Minsheng Bank Rural Revitalization Index Series”. In addition to the green financial products of “Green Investment Express, Green Financing Express, Green Chain Express and Green Operation Express”, the Bank has strengthened innovation and support in featured products of “Emission Reduction Loan” and “Photovoltaic Loan”, and launched “E Carbon Loan” and other innovative green financial products. The Bank has focused on carbon emission trading, low-carbon energy, low-carbon manufacturing, low-carbon operation and low-carbon benefits, launched the comprehensive service plan of “On the Road with Carbon”, and constantly increased investments in themed bonds, ABS and other standardized assets related to green finance, and strongly supported the transition of economic and social activities to green, low-carbon and sustainable ones.

Links and references:

P7, P13, P40, ESG Report:

<http://en.cmbc.com.cn/CMBCToday/ESG/ESGReport/index.htm>

¹⁰ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹¹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services , information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

As at the end of 2022, the balance of investments in green bonds was RMB42,226 million, up by RMB12,088 million from the previous year. The balance of green credit was RMB179,912 million, up by RMB72,595 million, or 67.65%, from the previous year, including RMB153,300 million loans for supporting response to climate change. 100% of project loans have passed the Environmental Impact Assessment. The loans to inefficient and backward enterprises and production capacity in industries with “high energy consumption, high pollution and overcapacity” have been gradually reduced and exited, and 31 projects in such industries have been rejected, involving an amount of RMB11,419 million.

The Bank has continuously improved the inclusive finance system, and provided better financial support and financial services for the production and operation of micro and small enterprises. The accumulative amount of inclusive small business loans disbursed reached RMB625,697 million. The Bank has provided free assistance fund of RMB37 million to targeted assistance areas, innovated assistance models, and provided customized financial products and all-round financial services for the implementation of rural vitalization strategies.

Links and references:

P3, CSR Report:
<http://en.cmbc.com.cn/CMBCToday/ESG/CSRRReport/index.htm>

P15, ESG Report:
<http://en.cmbc.com.cn/CMBCToday/ESG/ESGReport/index.htm>

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹²) you have identified as relevant in relation to the impact analysis and target setting process?

- Yes
 In progress
 No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

The Bank attaches great importance to communication with stakeholders. By establishing a regular communication mechanism, the Bank has safeguarded stakeholders' rights to information and participation, fully understood the demands and expectations of stakeholders and actively responded to their concerns, and further enhanced their understanding and recognition of the Bank.

Table: Key topics concerned by major stakeholders and main communication and feedback channels

Major Stakeholders	Key ESG Topics Concerned	Major Communication and Response Channels
Government and regulators	Support for NSOEs, compliant operation, green finance, customer services, rural revitalization, and business ethics	Policy consultation, work reporting, information disclosures, routine inspection, regulatory meetings, and carbon verification
Investors/share holders	Compliant operation, green finance, customer services, employee development, digital finance, and business ethics	Shareholders' general meetings, information disclosures, regular announcements, and investor hotline
Customers	Customer services, digital finance, compliant operation, business ethics, and	Customer satisfaction survey, 95568 hotline, complaints at lobbies, complaints by letters,

Links and references:

P8-9, CSR Report:
<http://en.cmbc.com.cn/CMBCToday/ESG/CSRReport/index.htm>

¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

	information security	and visits	
Employees	Employee development, employment, digital finance, energy conservation and emission reduction, and climate change	Employee representatives congress, employee activities, and employee happiness index survey	
Community and NGOs	Support for NSOEs, green finance, inclusive finance, rural revitalization, and public welfare and charity	Volunteer activities, community education, and environmental protection actions	
Suppliers	ESG management of suppliers, compliant operation, business ethics, and energy conservation and emission reduction	Open bidding process, supplier reviews, and supplier hotline	
<p>To deeply and fully understand the feedback on the materiality of ESG issues of the Bank from internal and external stakeholders, the Bank has conducted the 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, which provided help and guidance for the materiality assessment of ESG concerns of the Bank.</p>			

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

- Yes
 In progress
 No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as

remuneration practices linked to sustainability targets.

The Bank has resolutely implemented national macro financial policies, continued to strengthen the deep integration of the Party's leadership and corporate governance. The "shareholders' general meeting, the Board of Directors, the Board of Supervisors and the Senior Management" of the Bank have performed their duties in accordance with laws and regulations. The corporate governance of the Bank has been effectively improved. The Board of Directors elevated ESG issues to an important position in corporate governance. The Strategic Development and Customer Rights Protection Committee under the Board of Directors is responsible for studying and considering ESG issues, clarifying ESG management strategies and fully understanding the effectiveness and progress of the Bank's ESG works, and constantly enhances governance effectiveness in fields of financing environment impact, consumer rights protection, green finance, inclusive finance, business ethics and others. The Bank has advanced the ESG work from a strategic planning perspective, established a three-level working mechanism of "decision-making - management - execution", and managed and organized ESG works from three aspects, namely overall planning, coordinated promotion and implementation.

Links and references:

P6, P101, ESG

Report:

<http://en.cmbc.com.cn/CMBCToday/ESG/ESGReport/index.htm>

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

The Bank has enhanced employees' awareness of environmental protection and proactively cultivated ESG culture bank-wide by improving policies and systems, perfecting ESG working mechanism, integrating ESG concept into core value, reinforcing green publicity, carrying out trainings on compliance, and practicing sustainable

Links and references:

P13, 29, ESG

Report:

<http://en.cmbc.com.cn/CMBCToday/ESG/ESGReport/index.htm>

<p>development with low carbon, environmental protection, and energy conservation and emission reduction.</p> <p>In 2022, according to the deployments of National Development and Reform Commission and Beijing Municipal Commission of Development and Reform, the Bank launched an energy conservation promotion activity among all employees. To respond to environmental risks, the Bank carried out trainings for employees on risk preferences, risk strategies, industry portfolio limit management and others. Meanwhile, the Bank actively launched legal and compliance training courses to improve employees' awareness of responsibility and compliance and to constantly cultivate the compliance culture. In 2022, the Bank conducted a total of 5,475 training sessions on compliance with a total of 330 thousand attendances.</p>	<p>GReport/index.htm</p>
<p>5.3 Policies and due diligence processes Does your bank have policies in place that address environmental and social risks within your portfolio?¹³ Please describe.</p> <p>Please describe what due diligence processes your banks has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.</p>	
<p>Adhering to the risk management culture of “steadiness, prudence, comprehensiveness and proactiveness”, the Bank has attached more importance to proactive prevention and mitigation of financial risks, coordinated the construction of risk internal control management system, built the three lines of defence for comprehensive risk management, established a team of full-time credit officers, strengthened the performance management of main person responsible for operation, further reinforced the responsibility of the “first line of defense”, implemented and promoted the reform in credit approval system and mechanism, optimized risk management policies and procedures, highlighted key aspects of risk management, promoted the cultivation of risk management teams and talents, and accelerated the construction of smart risk control system, in a bid to improve risk management system in an all-around manner.</p>	<p><i>Links and references:</i> P19, ESG Report: http://en.cmbc.com.cn/CMBCToday/ESG/ESGReport/index.htm</p>
<p>Self-assessment summary</p> <p>Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank’s governance system? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No</p>	

¹³ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

- Yes
 Partially
 No

If applicable, please include the link or description of the assurance statement.

The publicly disclosed information on the Bank's PRB commitments was quoted from the 2022 Annual Report, 2022 Social Responsibility Report and 2022 ESG report of the Bank, which were audited or accredited by independent external auditors or evaluation and consultation agencies.

Links and references:

Financial reports:

<https://ir.cmbc.com.cn/en/investor-relations/financial-information/financial-reports/>

CSR Report:

<http://en.cmbc.com.cn/CMBCToday/ESG/CSRReport/index.htm>

ESG Report:

<http://en.cmbc.com.cn/CMBCToday/ESG/ESGReport/index.htm>

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
 SASB
 CDP
 IFRS Sustainability Disclosure Standards (to be published)
 TCFD
 Other:

The Bank discloses sustainability information with reference to the following standards and frameworks: Sustainability Reporting Standards and Principles for Responsible Banking by Global Reporting Initiative (GRI), Principles for Responsible Banking (PRB), Opinions on Strengthening Social Responsibility of Banking Financial Institutions by the former China Banking Regulatory Commission, Guidelines on Corporate Social Responsibility of China's Banking Financial Institutions by China Banking Association, Guidelines on Preparation of Corporate Social Responsibility Reports by Shanghai Stock Exchange, Guidance on Social Responsibility Reporting (GB/T 36001-2015) jointly issued by the General Administration of Quality Supervision, Inspection and Quarantine and the Standardization Administration of China, and Chinese CSR Preparation Guide (CASS-CSR 4.0) issued by the Chinese Academy of Social Sciences.

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁴, target setting¹⁵ and governance structure for implementing the PRB)? Please describe briefly.

The Bank will continue to focus on the strategic positioning of becoming “a bank for NSOEs, an agile and open bank, and a bank with considerate services”, proactively implement national development strategies, expand businesses related to NSOEs and micro, small and medium enterprises, and serve the high-quality development of the real economy. The Bank will increase support for high-end manufacturing industry, promote green and low-carbon transformation, pool up efforts to advance inclusive finance, contribute to the rural revitalization in an all-around manner, push forward coordinated regional development, satisfy financing demands of key areas and weak links of various industries, financially revitalize the development of the real economy, and firmly follow the path of sustainable development.

Links and references:

P67, CSR Report:
<http://en.cmbc.com.cn/CMBCToday/ESG/CSRRReport/index.htm>

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months.

- Embedding PRB oversight into governance
- Gaining or maintaining momentum in the bank
- Getting started: where to start and what to focus on in the beginning
- Conducting an impact analysis
- Assessing negative environmental and social impacts
- Choosing the right performance measurement methodology/ies
- Setting targets
- Customer engagement
- Stakeholder engagement
- Data availability
- Data quality
- Access to resources
- Reporting
- Assurance
- Prioritizing actions internally
- Other: ...

If desired, you can elaborate on challenges and how you are tackling these:

¹⁴ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

¹⁵ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.