



**泸州银行股份有限公司**  
LUZHOU BANK CO., LTD.

Luzhou Bank Co., Ltd. \*

泸州银行股份有限公司 \*

(A joint stock company incorporated in the People's Republic of China with limited liability)

**Stock Code: 1983**

## **2020 Environmental, Social, and Governance (ESG) Report**

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## 1. About the Report

This report is prepared to disclose the Environmental, Social and Governance (“ESG”) management concept of Luzhou Bank Co., Ltd. (hereinafter referred to as “the Bank”, “Luzhou Bank” or “we”) and its ESG performance. The preparation of the report follows the *Environmental, Social and Governance Reporting Guide* (“ESG Reporting Guide”) set out in Appendix 27 to the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (“Listing Rules”) to facilitate full understanding and communication between the Bank and various stakeholders. This report should be read in conjunction with the “Corporate Governance Report” section under 2020 Annual Report of Luzhou City Commercial Bank Co., Ltd. to help readers understand us more comprehensively. The operating entities covered in this report include the head office and all branches and sub-branches of Luzhou Bank. Unless otherwise specified, this report covers the period from 1 January 2020 to 31 December 2020.

This report abides by the “comply or explain” provisions set out in the ESG Reporting Guide.

## 2. Brief Introduction of the Bank

Founded in September 1997, Luzhou Bank Co., Ltd. is a municipal state-owned enterprise of Luzhou city. It was listed on the Main Board of The Stock Exchange of Hong Kong Ltd. in December 2018 (stock code: 1983.HK), becoming the first listed bank in prefecture-level cities in West China.

Adhering to the principle of serving the social economy, serving the real economy, and serving urban and rural residents, and giving full play to the advantages of a short decision-making chain and strong flexibility of first-grade corporation system, Luzhou Bank has been forging ahead on a business strategy on specialties to realise rapid and steady development. In 2020, Luzhou Bank was awarded by *the Banker magazine* as the “Most Regionally Competitive Urban Commercial Bank”. With innovation and breakthrough in risk control analysis methods and intelligent management system, Luzhou Bank won the “Top 10 Intelligent Risk Control Innovation Award” and won the award of “2020 Pioneer Bank for Social Responsibility” in the 18th Financial and Economic List of China.

### 3. ESG Management

#### ESG Concept and Strategy



##### **Honorary awards in 2020:**

- ✓ In June 2020, “Outstanding Service Enterprise in Sichuan Province” granted by the CPC Sichuan Provincial Committee and the People’s Government of Sichuan Province
- ✓ In September 2020, “Top Ten Intelligent Risk Control Innovation Award ” awarded in the selection organized by the Banker magazine, Institute of Finance & Banking and the Wealth Management Research Center of the Chinese Academy of Social Sciences, and the China Center for Internet Economy Research of the Central University of Finance and Economics
- ✓ In September 2020, the “Most Regionally Competitive Urban Commercial Bank” granted by the Banker magazine
- ✓ In December 2020, the “Best Smart Bank Award ” granted in the “2020 Golden Award List of China Electronic Banking”
- ✓ In December 2020, “Pioneering Bank of Social Responsibility 2020 ” rated by the 18th China’s Financial Annual Champion Awards

By adhering to the business strategy of “Serving the local, serving small and medium enterprises”, the Bank has established a special system for serving small and medium enterprise customers, comprehensively expanding the business market of small and medium enterprise customers. The Bank has been vigorously developing intermediate business and striving to meet the increasing demand for personal financial services. At the same time, the Bank has been supporting the construction of new socialist countryside and the balanced urban and rural development and has actively established new rural financial institutions. To fulfil social responsibilities and enhance our corporate value, the Bank is striving to build a brand image that specialises in serving small and medium enterprise customers in Luzhou and concerns for people's livelihood.

## **ESG Management Structure**

The Bank has established an ESG management system that functions at different levels where the Board of Directors takes charges, the management takes a leading role, and departments cooperate flexibly. The Board of Directors is responsible for developing the ESG strategy and objectives. The management is responsible for implementing the ESG strategy and objectives. ESG Working Team formed by various departments at the headquarters to carry out specific ESG work in their respective fields of work, and branches and sub-branches carry out local ESG work under the guidance of the ESG Working Team. The establishment of the ESG management system ensures that the environmental and social risks related to each business are properly managed and that the ESG concept and strategy are effectively implemented.

## **Stakeholders Engagement and Materiality Analysis**

The Bank actively conducts communication with stakeholders, timely understands and responds to the appeals of stakeholders. Based on the business characteristics, the main stakeholders identified by the Bank included: government and regulators, investors/shareholders, customers, employees, communities and suppliers. The ESG issues and communication channels that each stakeholder focused on are listed in the stakeholder identification table of Luzhou Bank.

In 2020, through understanding the demands of stakeholders, the content and direction of management, combined with the overall strategy in the domestic regulations on relevant laws and regulations and the Hong Kong stock exchange disclosure requirements under the premise of ESG report guidelines listed 12 aspects of ESG issues, the Bank carried out a substantive analysis and identified the important issues of the year, namely "anti-corruption", "product responsibility", "employment" and "development and training". Relevant topics include "emissions", "use of resources ", "environment and natural resources", "climate change", "employee health and safety", "labour standards", "supply chain management" and "community investment". The content of each topic will be discussed separately in this report.

### Luzhou Bank stakeholder identification list

| Major stakeholders  | Key ESG concerns  | Communication and response  |
|---|---|---|
| <b>Government and regulators</b><br> | Compliance with laws and regulations<br>Transparent governance<br>Taxation in accordance with law | Meetings of regulators,<br>Disclosure of compliance reports<br>Forums and seminars                  |
| <b>Investors/Shareholders</b><br>    | Operation compliance<br>Market development<br>Product innovation                                  | Shareholders' meeting<br>Regular announcement<br>Temporary announcement                             |
| <b>Customers</b><br>                 | Customer service<br>Personal privacy and security<br>Customer complaints                          | Customer satisfaction survey<br>Call centre<br>Hall complaints                                      |
| <b>Employees</b><br>                | Employee rights & welfare<br>Compensation system<br>Labour standards<br>Training & development;   | Workers' representative conference<br>Employee activities<br>Internal training<br>Symposium         |
| <b>Communities</b><br>             | Community development<br>Social welfare<br>Popularisation of financial knowledge                  | Volunteer activities<br>Public welfare activities<br>Financial knowledge presentations and training |
| <b>Suppliers</b><br>               | Transparent procurement<br>Equal competition<br>Business ethics                                   | Supplier management<br>Supplier inspection<br>Supplier communication                                |



#### 4. Run the Bank in Compliance and Strengthen Responsibility Management

Operation in compliance with laws and regulations is the basis for the stable operation of enterprises. The Bank aims to achieve sustainable development by putting into practice the construction of an integrity culture, pressing forward the anti-money laundering work, standardising supplier management and enhancing responsibility management.

##### Promote System Construction and Create an Integrity Culture

The Bank complies with the *Commercial Banking Law of the PRC*, the *Banking Supervision Law of the People's Republic of China*, the *Interim Provisions on Banning Commercial Bribery* and other relevant laws and regulations, and have developed a series of regulations such as the *Professional Code of Conduct for Practitioners* and the *Punitive Measures for Violations of Regulations and Disciplines by Employees*. In addition, in accordance with the Bank's policy-related requirements and new realities, the Bank revised and improved the *Implementation Rules for Letters and Visits* and the *Implementation Rules for "Three Precautions and Three Cards" Early-warning Procedures for Practitioners to Work with Integrity* in an effort to promote the construction of an anti-corruption system, strengthen execution of disciplines and accountability and create an integrity culture.

To give full play to key roles of "three lines of defence" of business units, front-office personnel, risk management functions and Internal Audit Department and strengthen internal control, the Company focuses on strategic business of the Bank as a whole, and conducts special inspection and risk assessment from systems, processes, employee

behaviours, etc. In terms of discipline inspection and supervision, the Bank earnestly fulfilled its supervisory responsibilities and conducted daily supervision to ensure the unity of power and responsibility and enforced the supervision over the power of leading cadres; moreover, the Bank implemented various measures for the construction of clean government, urged all functional departments to put the content of clean government construction in their work, and established an all-round responsibility system. Cases of internal violations of discipline are investigated and punished resolutely. The intensity of investigation and punishment is also raised up continuously.

In order to enhance employees' awareness of anti-corruption, the Bank continued to give full play to the functions of the leading group for handling violations of rules and disciplines at all levels. The Bank carried out warning education for employees at the following important time:

- For employees on-boarding, professional integrity education was carried out. Taking into account the characteristics of financial industry and the epidemic, the Bank organised more than 200 new employees and customer managers to watch online the *Cross the Honest and Clean Boundary*, *Lost Life* and other education films on warning against corruption;
- For employee promotion, pre-employment talks on integrity were conducted, and “integrity reminder cards” were issued to newly promoted general manager-level management to reinforce anti-corruption moral mind set of management personnel;
- During holidays, the requirements on integrity and violation punishment were communicated to every employee via pre-holiday integrity education and Intranet reminder to ensure integrity;
- Reminding education of integrity was delivered to cadres at the key points of their important events. Reminders of integrity were sent timely during cadres' important family or personal events such as wedding, funeral, etc. to prevent violation of rules and disciplines in personal matters.



The publicity of integrity has been continuously strengthened with a total of more than 3,000 integrity messages sent throughout the year. The Bank continued to enrich the content on integrity of commercial banks in the internal publication *Fayuan Tiandi* and published issues of integrity laws

### Anti-corruption in 2020

More than **3,000** integrity messages sent;  
**2** anti-corruption trainings provided to the Board of Directors and its employees;  
**0** concluded legal cases regarding corrupt practices.

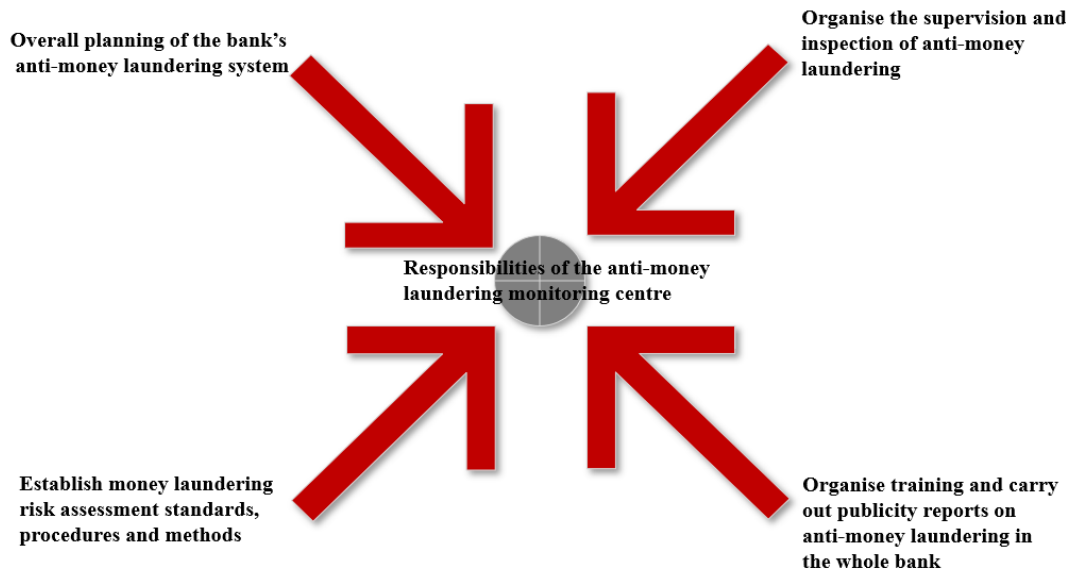
and regulations and case articles. In 2020, the Bank provided 2 anti-corruption trainings to the Board of Directors and its employees, and received 0 concluded legal cases regarding corrupt practices brought against the Bank or its employees.

### Improve Management Level and Prevent Money Laundering Risks

The Bank strictly abides by the *Anti-Money Laundering Law of the People's Republic of China*, the *Counterterrorism Law of the People's Republic of China*, the *Notice of the People's Bank of China on Strengthening the Client Identification for Anti-money Laundering*, the *Measures for the Administration of Financial Institutions' Reporting of High-Value Transactions and Suspicious Transactions*, and the *Measures for the Administration of Classification and Rating of Legal Entities in Respect of Anti-Money Laundering* and other relevant laws and regulations, and on this basis, we have established a series of anti-money laundering management systems, including the *Anti-Money Laundering Regulations*, the *Measures for the Administration of Customer Identification and Customer Identity Data and Transaction Record Preservation*, the *Measures for the Administration of Reporting of High-Value Transactions and Suspicious Transactions*, the *Measures for the Administration of Classification and Rating of Customers in Respect of Anti-Money Laundering*, the *Measures for Assessment of Anti-Money Laundering Work*, the *Measures for the Administration of Anti-Money Laundering Confidentiality* etc.,

We have set up an anti-money laundering Monitoring Centre to take on the responsibilities of making overall plans for the construction of the whole bank's anti-money laundering system, organising anti-money laundering supervision and inspections, establishing anti-money laundering-related risk assessment standards, procedures and measures, organising anti-money laundering training and carrying out publicity reports. To further promote anti-

money laundering, the Bank has also established anti-money laundering working groups in the head office, branches & sub-branches. The anti-money laundering working groups of branches & sub-branches regularly report to the anti-money laundering working group of the head office



The Bank attaches great importance to the publicity of anti-money laundering and conducts anti-money laundering work on a regular basis. All branches and business halls displayed anti-money laundering publicity materials in eye-catching locations throughout the year. The Bank launched small classes for publicity of anti-money laundering knowledge and publicity campaigns about anti-money laundering on campuses and communities this year. In addition, more than 25,000 publications were distributed throughout the year attracting more than 24,450 readers, which received positive responses across the society.

To improve internal anti-money laundering training, raise employees' awareness of anti-money laundering and strengthen the functions of anti-money laundering leading group, we accordingly carried out a series of activities such as learning anti-money laundering laws and regulations and conducting seminars on anti-money laundering knowledge, online teaching and on-site trainings.

To further identify deficiencies of anti-money laundering work and corresponding remedial measures, we, in the current year, conducted a special audit on anti-money laundering and

carried out on-site anti-money laundering inspection on 14 branches and sub-branches in accordance with 2020 Implementation Plan of Special Inspection on Anti-Money Laundering, achieving the target of making anti-money laundering accessible to all branches and sub-branches within three years.



“Anti-money laundering” knowledge campaign on campus

“Anti-money laundering” knowledge publicity

### Standardise Supplier Management and Advocate Green Procurement

Strictly abiding by the *Bidding Law of the People's Republic of China*, the *Regulation on the Implementation of the Bidding Law of the People's Republic of China*, the *Measures for the Bid Invitation and Bid Tendering for Construction and Engineering Projects*, the *Interim Provisions on the Management of Centralised Purchasing of State-owned Financial Enterprises*, the *Measures for the Selection and Management of Intermediaries of Municipal Stated-owned Enterprises in Luzhou (Trial)* and other relevant laws, regulations and regulatory requirements, the Bank has developed the *Implementation Measures for Centralised Purchasing Management*, the *Measures for Procurement Documents Management* and other management policies to set strict requirements on the entry, review, evaluation and withdrawal of suppliers. Furthermore, these management policies specify that a priority shall be given to energy-efficient and environmental-friendly products and provide a regulatory framework for procurement management to ensure procurement compliance.

With respect to the selection and management of suppliers, the Bank follows the principles of fairness, justice, openness, honesty, efficiency, etc. We select suppliers with satisfying service quality in procurement through public tendering, selected bidding, competitive

negotiation and competitive consultation or requires a written recommendation by Demand Department according to business requirements, which will be submitted to the procurement management committee for deliberation. After deliberation and approval, suppliers will be incorporated into the supplier pool under the supervision of the Discipline Inspection and Supervision Office. In the procurement process, the Bank strictly complies with the procurement standards, with a focus on the supervision of the integrity culture construction in the field of procurement and integrates integrity culture construction into procurement and supplier management.

In 2020, the Bank's disciplinary inspection personnel carried out supervision on more than 366 procurement projects with a total amount of RMB 533 million. The Bank incorporates the integrity culture construction into the supplier

#### **Supervision on Procurements in 2020**

Supervision on more than **366** procurement items, with a total amount of RMB **533** million. No public complaints were received on procurement and bidding throughout the year.

management through disciplinary inspection supervision which makes procurement cleaner and more transparent. No public complaints were received on procurement and bidding throughout the year.

In order to enhance the evaluation and supervision on suppliers, we adopt a democratic method to evaluate the Bank's suppliers. Suppliers are classified, and then evaluated by Demand Department in a bid to present the actual service quality of these suppliers. Accordingly, we make timely changes and clean-ups based on the suppliers' qualifications and current management situation. For those with unsatisfying quality of service and lack of coordination motivation, we strictly enforce the management system for withdrawal from the supplier pool to further optimise the supplier environment. Besides, in response to the advocacy of energy conservation and environmental protection, the Bank implements a policy that gives priority to suppliers providing energy-saving and environmentally friendly products, and puts forward more requirements for products' green, energy-saving and low-carbon environmental performance. For example, decoration materials provided by suppliers in decoration projects shall meet national environmental protection standards

and detergents used in work clothes washing shall be environmental-friendly and pollution-free.

## 5. Be Service-oriented and Safeguard Customer Rights and Interests

The Bank adheres to the principle that services begin with customers' needs and end with their satisfaction. We create value to customers by offering high-quality services, expand competitive advantages, resolutely protect the legitimate rights and interests of customers and privacy of customers, thereby establishing a brand image of "serving small and medium enterprises and concerning about people's livelihood".

### Improve Service Quality and Optimise Customer Experience

#### (1) Serve Local Customers

The Bank complies with by the *Commercial Banking Law of the PRC* and other laws and regulations and implements the *Circular on Enhancing Support of Credit Loans to Small and Micro Enterprises*. Accordingly, the Bank has formulated the *Guidance on Further Improving Financial Services Regarding Loans to Small, Medium and Micro Enterprises* and the *Work Goal for Serving Small and Micro Enterprises in 2020*. We adopt the people-oriented concept, provide convenient network and efficient professional services to maximise the saving of time, money and other resources for customers, providing customers with more convenient and more approachable services, improving customer loyalty. The Bank wholeheartedly serves small and micro enterprises, and actively promotes high-quality local economic and social development.

The Bank has special targets for the growth of credit loans to small and micro enterprises, giving priority to the allocation of credit resources to small and micro enterprises and focusing on inclusive small and micro enterprises. The Bank also maintains policies for the reduction of service fees: as of the end of 2020, the Bank had a balance of loans of RMB 40.017 billion to small and micro enterprises, accounting for 67.42% of all loans and the balance of loans to inclusive small and micro enterprises was RMB 7.838 billion.

**The Bank identifies SMEs, urban residents and local governments as its core customers, and focuses on serving the development of SMEs in Luzhou and bringing convenience to citizens' lives.**



For **SME customers**, the Bank provides customised and efficient financing solutions according to their needs in different stages of development. By streamlining the loan issuance and evaluation procedures, the Bank launches a variety of specialised products to meet the diversified financing needs of enterprises.



For **small and micro businesses**, the Bank set up “Huirongtong” small micro loan centre in 2018, focusing on serving small and micro enterprises and providing them with convenient, fast, flexible and professional financing

**Provide customized products and services to small and micro businesses**



**Rong e Dai**

We provide mortgage-free and voucher-free personal loans to assist small and micro businesses, individual industrial and commercial businesses with their production and capital turnover. We accept online application and provide on-site investigation by customer managers to simplify the procedures for clients.

**Tian Tian Dai**

To meet the regular financing needs of small and micro businesses, we have provided a revolving loan product “Tian Tian Dai”. The main features of the product are: Clients can initiate withdrawal and repayment requests through SMS; loan interest is calculated on a daily basis; loan repayment within seven days enjoys interest-free; one-time credit recycling.



### **Zhi Rong Dai**

“Zhi Rong Dai” refers to the liquidity loan issued by the Bank to intelligent manufacturing enterprises to meet the needs of its short-term production and operation and can be withdrawn. The main features of the product are one-time credit and recycling; order application is convenient and fast; the government increases credit and the guarantee is flexible.



### **An Xin Rong**

“An Xin Rong” is a liquidity loan issued by the Bank to meet the quick and simple capital needs of small and micro enterprises, mainly based on the guarantee provided by customers to judge the solvency. The main features of the product are: simple procedures and simplified processes; it can provide efficient and fast financial services for small and micro enterprises; flexible repayment methods, and one-time repayment / installment repayment.

### **Chuang Ke Dai**

"Chuang Ke Dai" is a personal business loan issued by the Bank to local entrepreneurial youths for their production and business activities. The main features of the product are support entrepreneurship and innovation; quick and easy procedures; low loan interest rates.

### **Shui Jin Dai**

"Shui Jin Dai" is a loan issued by the Bank to borrowers with normal production and operation and continuous and normal tax payment. There is no need to provide guarantees. The loan is based on the average annual total tax payment in the past two years. The main features of the product are: pure credit does not need to provide Guarantee; the tax amount is used as the basis for the loan amount; the procedures are simple and fast.

**Provide a wide range of innovative products and services to retailer customers**



**Jiu Cheng Debit Card**

For the convenience of the daily life of the citizens of Luzhou, we have issued a "Jiu Cheng Debit Card" to retail customers who have deposit accounts with the Bank to provide such services as deposit and withdrawal, consumption, transfer and remittance, and wealth management.

**Social Security Card**

We have entered into a cooperation agreement with the Human Resources and Social Security Bureau of Luzhou City to jointly launch the "Social Security Card". In addition to the regular function of a debit card, the card enables our clients to register for medical insurance, collect insurance and pensions.

**Provide a wide range of innovative products and services to retailer customers**



**Talent Loan**

"Talent Loan" provides revolving credit loans to high-level talents in the Management List of Luzhou Talent Work Leading Office Team Management List for comprehensive consumption. The maximum credit limit is RMB 500,000 and the term is 5 years.

**People's livelihood Loans**

"People's livelihood Loan" refers to the loan granted to the city's unemployed people to expand reemployment. The object of application is unemployed people in this city.

**(2) Protect Customer Rights and Interests**

The Bank is committed to safeguarding the legitimate rights and interests of its customers, and strictly abides by the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, the *Guiding Opinions of the General Office of the State Council on Strengthening Protection of Financial Consumer Rights and Interests*, the *Guidelines for Protection of Consumer Rights and Interests in the Banking Industry*, the *Implementation Measures of the People's Bank of China for Protecting Financial Consumers' Rights and Interests* and other relevant laws, regulations and regulatory



requirements. The Bank has formulated a series of regulations including the *Measures for the Administration of Consumer Rights and Interests Protection*, the *Rules of Procedure for the Consumer Rights and Interests Protection Committee*, the *Implementation Measures for Internal Audit on Consumer Rights and Interests Protection*, etc.

The Board of Directors of the Bank assumes the ultimate responsibility for consumer rights and interests protection. Under the Board of Directors, we have a Consumer Rights and Interests Protection Committee, which is responsible for assisting the Board of Directors in developing strategies, policies and objectives for consumer rights and interests protection, supervising the senior management to ensure effective implementation of related work. The Internal Control and Compliance Department is the functional department for consumer rights and interests protection. It is responsible for formulating measures for the management, supervision and evaluation of consumer rights and interests protection work and takes a leading role in the organisation, coordination, supervision & urging and guiding of the consumer rights and interests protection work in other departments and branches of the Bank.

During the reporting period, in terms of product design, service projects, pricing management, agreement formulation, approval and access, marketing and publicity, after-sales management, etc. The Bank continued to strengthen the sense of responsibility of relevant personnel, deepen the concept of consumer protection, handle complaints flexibly and achieve the whole process, full coverage and comprehensive management of consumer rights protection.

In order to enhance the awareness of financial consumers' risk responsibility awareness, right awareness and risk management ability, protect the legitimate rights and interests of consumers, and continue to build a harmonious financial consumption environment, in 2020, in accordance with the relevant requirements of the system and regulatory authorities, and in combination with the actual situation of the Bank, the Bank carried out more than 50 targeted publicity and education activities aimed at publicizing financial knowledge and improving financial literacy, improving the long-term mechanism of financial publicity and education.

#### **“Financial Knowledge Sharing” Campaign**

In order to make continuous improvement to consumers' financial quality and safety awareness and further the protection of consumers' rights and interests, the Bank launched a series of publicity campaigns on “Financial Knowledge Sharing” such as “Thousands of Miles for Public Financial Knowledge” and “Secure Your Wallet, Financial Literacy Promotion”. In order to enhance the public's awareness of participating in legal financial activities, and guide the public to properly safeguard their legitimate rights and interests in accordance with the laws, the Bank promoted the campaign through slogans, public consultation and public welfare ads on local newspapers. The campaign covered 28 outlets, with 50,000 copies of promotional materials distributed and 8,000 person-times consulting services provided.

In order to improve customers' service experience, we require all outlets to establish a fast-track counter service system and a post-linked response service mechanism and set up flexible counters during peak periods to reduce waiting time for customers and facilitate customers' business processing. For the convenience of special consumers, we have set up priority seats, priority counters as well as green and barrier-free passages for the old, the young, the sick, the disabled and pregnant women at all outlets in accordance with the *Rules for the Implementation of Special Consumer Group Service Management*, so as to

provide special consumers with personalised and convenient services. The Bank also issued the *Guidelines for the Service of Lobby Managers*, which specified their job requirements, service contents, customers' guiding and diversion process, solutions to frequently asked questions on hall service, etc., and organised skill trainings for service personnel with professional guidance from experts, aspiring to provide a better service experience for customers.

This year, in order to enhance business security, we further perfected the off-peak transfer of tills and the use of smart-transfer cabinets in our outlets in Luzhou. We adopted measures such as identifying employees' irises and applying combination entry of comprehensive passwords and dynamic passwords by field supervisors to reduce transfer risks effectively and ensure the transfer was completed normatively and securely. Such measures were recognised and commended by regulatory authorities and were thereby promoted to other peer organisations. Peers were attracted to the Bank for field visits and thought highly of these measures.

To facilitate timely disclosure of service requirements of the Bank's outlets and develop industry standards, in October this year, the Bank took an active participation in the "Leaders" campaign for enterprise standards under the guidance of the People's Bank of China, Luzhou Centre Branch, and published the *Basis Requirements on the Service of Luzhou Bank's Outlets* on the Enterprise Public Service Platform For Standards Information in a timely manner. Currently, these standards have been highly praised and successfully ascended on the "Leaders" list in the field of commercial banking services. The Bank is the only city commercial bank in Sichuan Province among the 11 city commercial banks in China in the list, which reflects the improvement in the service competitiveness of the Bank's outlets and will accelerate the transformation and upgrading of the service of the Bank's outlets.

### Certification for Service Quality of Outlets

In July 2020, in order to seriously implemented the spirits in the *Notice on the Implementation of Key Financial Standards* and the *Notice on the Implementation of Activities Themed on “Publicising Financial Standards, Improving Service Quality”*, relevant certifications were vigorously carried out at all outlets to improve service quality. In this process, all outlets were fully ready for reviews. After debriefing, the review team conducted a comprehensive assessment for the outlets from the perspective of service environment, service functions and service specifications. All outlets passed the standard certification for service quality, three of which were awarded as the “National Standard Level 3 Outlet”.

### Debate on “Compliance Habit Formation”

On 3 December 2020, in order to further improve employees' critical thinking, enhance their compliance awareness, and improve risk prevention of outlets, the Bank organised a debate themed on “Compliance Habit Formation: Autonomy vs. Heteronomy” This debate fully motivated employees’ enthusiasm in “compliance and risk control”, and triggered them to rethink the importance of compliance and the way to develop compliance habits in practice, proactively promoting internal control management, employee cultivation and risk control at all outlets.

### (3) Handle Customer Complaints

The Bank strictly complies with the *Regulations on the Management of Consumer Complaints in the Banking and Insurance Industry (Consultation Draft)* issued by the CBIRC. Specific policies and rules, such as the *Measures for Management of Call Centre Customer Service Personnel*, the *Service Specifications for Call Centre Customer Service Personnel* and the *Detailed Rules for the Implementation of Assessment on Call Centre Customer Service Personnel*, have been developed to make timely response to customer needs so as to enhance customer experience.

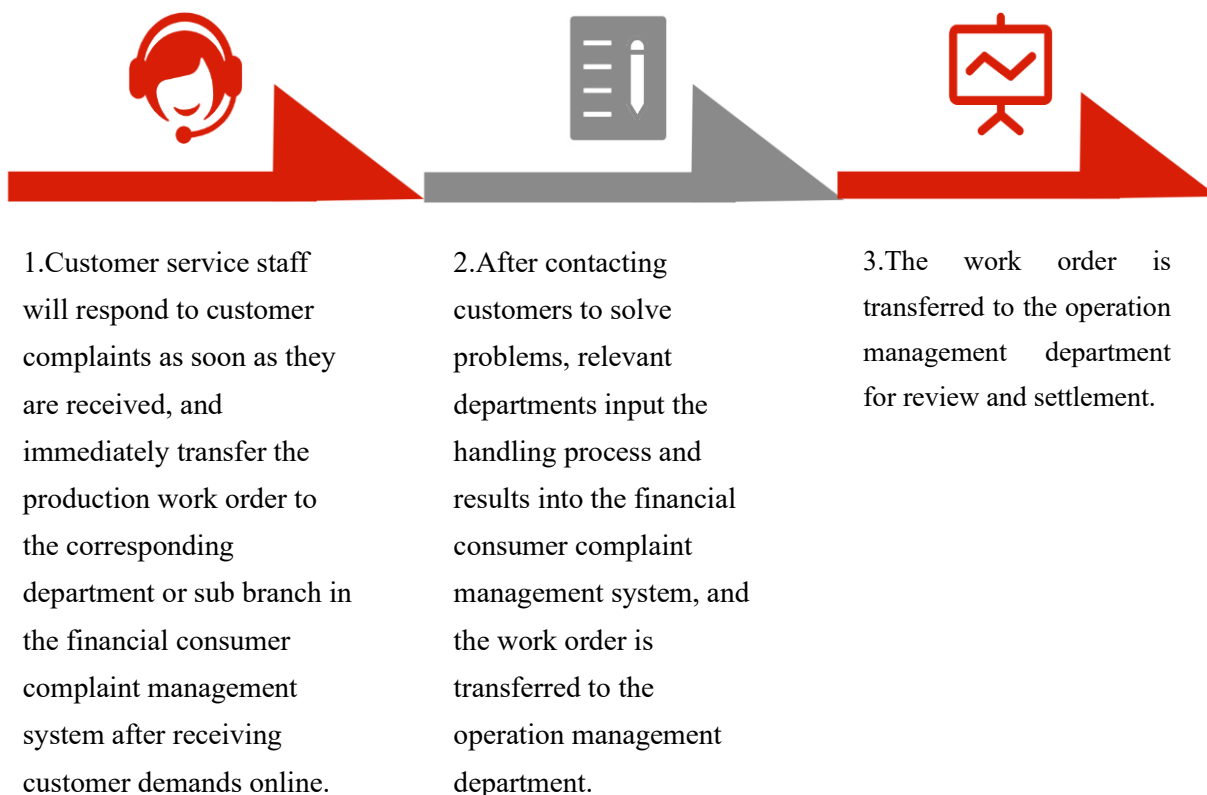
In order to respond positively to customer complaints and feedback, the Bank has set up a complaints book in the lobby of each business hall, and established a specialised call centre, with a service hotline of 96830. The call centre has set up a standardised complaint process and clear responsibilities, requiring the centre to handle various matters in time, inform complainants of the results and timely provide legal explanations and follow-up actions for their understandings and satisfaction.

**Hotline 96830**



In order to ensure that customers' complaints are properly handled, we also carry out strict inspections at regular intervals and review all important businesses. In addition, we organise business training and examinations in the Bank for customer service team every month, conduct related discussions, and provide business guidance to establish a sound knowledge base. This year, in order to comprehensively deepen the “Financial Service Complaint Management System” as required by the People’s Bank of China, we particularly established the “Financial Customer Complaint System”. Through the closed management, we can timely and effectively respond to customer complaints, praises and recommendations to enhance their satisfaction. In addition, all outlets and business departments of the Bank were included in the complaint processing end for regulatory interactions.

In 2020, the Bank handled 59 complaints from customers, 53 of which were complaints directly sent to the Bank, and 6 of which were forwarded from the regulatory authorities, and there were no large-scale complaints. The Bank's customer complaints throughout the year were all handled promptly and properly; the complaints settlement rate and customer satisfaction rate were 100%.



### Strengthen Information Security Management to Protect Customer Privacy

The Bank strictly abides by the laws and regulations including the *Cybersecurity Law of the People's Republic of China*, the *Guidelines on the Information Technology Risk Management of Commercial Banks* and the *Administrative Measures for the Graded Protection of Information Security*, and formulates a series of management system such as the *Administrative Measures for Information Security*, the *Cybersecurity Contingency Plan*, the *Administrative Measures for the Protection of Personal Financial Information* and the *Contingency Plan for Personal Financial Information Disclosure*. This year, we revised the *Information Security Management Policy*, specifying the general principle and overall strategy for information security to enhance guidance at all levels.

The Bank has been highlighting IT management and Fintech construction. Relying on a distributed cloud computing platform, we have structured an open IT system. In addition, in virtue of technologies such as video and audio, biological recognition, cloud computing, big data, smart devices, mobile terminals and others , we have vigorously promoted transformation in all outlets to establish a sound “Three Lines of Defence” system for IT

risk management. In order to strengthen information security management, we have adopted a series of physical and technical means, such as sensitive data desensitisation processing, storage media encryption protection, physical isolation of office network and office terminal security control. In addition, we also employ a third-party assessment agency to carry out information security assessment, and continue to promote the standardization and standardized management of information technology.

With respect to business continuity management, the Bank continues to improve the disaster recovery backup system of “Two Locations with Three Centres”. This year, we established a new machine room for disaster recovery backup in the Hi-tech District, which has separated traditional services from emerging services in online core systems, to effectively reduce the interplay of the two services and further enhance physical security, system stability and redundancy security. With a total area of about 225 m<sup>2</sup> and 80 cabinets, this new machine room is capable for catching up with the Bank's business development in the next 8-10 years. In addition, we have, through continuous disaster recovery drills for important information systems, verified the effectiveness of the disaster recovery backup system, and through special scenario-based telecommuting drills during the epidemic, reinforced our capabilities in emergency guarantee.

With respect to information security, insisting on the principle of strengthening scientific security, we have comprehensively improved the information security guarantee capability from establishing sound information security regulations and standards, reinforcing IT outsourcing security management, enhancing terminal information security management and improving the defence-in-depth network system. In addition, we continue to increase investment in information security, which further ensures safe and stable operation of information systems. In order to raise our employees' awareness of security protection, we regularly launch information security training. This year, we held 5 trainings, with more than 1,300 participants.

With respect to personal financial information security, this year witnessed the Bank's formulation of the *Administrative Measures for the Protection of Personal Financial Information* which has regulated all-around protection of personal financial information and specified countermeasures in response to financial information leakage. We protect

customers' financial information security through multiple physical and technical means. On the one hand, all employees are required to sign a confidentiality undertaking before getting on board, and they are required to comply with national confidentiality laws, regulations and rules, as well as the Bank's confidentiality management regulations and work requirements. On the other hand, the safe operation of APPs is monitored through technical measures to strengthen supervision of counterfeit APPs and ensure the security of mobile terminal software. In addition, we regularly review the protection of personal financial information throughout the Bank. For issues identified in this process, we timely discuss with the corresponding departments and urge them to implement rectification measures to effectively prevent information security accidents. In 2020, the Bank focused on reviewing and assessing the information security capability in cooperation between departments and outsourcing service providers. In order to ensure personal financial information security, relevant departments were required to sign an agreement to clarify responsibilities of each party, desensitise key data to prevent information leakage and conduct regular inspections and risk control.

#### **Education on Personal Financial Information Security Awareness**

The Bank attaches great importance to the improvement of employees' information security awareness by regularly organising information security awareness training. On 21 December 2020, we launched a 10-day online special training for personal financial information protection, strengthening all employees' security awareness of personal financial information protection in practice and improving customer information management.



### **Information Security Skill Training**

The Bank actively deployed information security construction, and regularly conducted data recovery drills, network security drills and disaster recovery drills, etc. During the National Network and Information Security Management Professional Skills Competition in 2020, we elaborately organised centralised training and self-learning for participants, achieving favourable results while effectively improving their professional skills. In the Network Security Emergency Drill held in Luzhou City in the same year, the Bank, in virtue of its excellent defensive skills, stood out among the competitors and won the first place in the total score.

## Information Security Skills Competition

The Bank highlights information security team building. In August 2020, we organised an information security team to participate in the “National Network and Information Security Management Professional Skills Competition in 2020” in Luzhou. Through centralised training for and individual efforts of participants, our team ranked the first place and won the “Outstanding Organisation Award”. While in terms of personal awards, one of our participants won the first place, two the second, and one the third. This competition has effectively improved employee’s skill level and promoted the construction of the Bank's information security talents team.



Award for 2020 National Network and Information Security Management Professional Skills

## Value Brand Management and Protect Intellectual Property Rights

The Bank strictly observes the *Trademark Law of the People's Republic of China*, the *Advertising Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and other laws and regulations in respect to publicity and brand use management. The Bank has developed the *Administrative Measures for External Publicity*, the *Administrative Measures for Reputation Risks*, the *Emergency Response Plan for Reputation Risks*, the *Code of Conduct for External Press Release and of Employees' Response to Media*, and the *Staff Handbook of Reputation Risk Management* this year, which further clarifies the Bank’s management

standards for external publicity and response to public opinion risk.

The Bank has set up a Comprehensive Risk Management Committee and a Reputation Risk Management Committee, which has strengthened daily monitoring while continuously improving its institutional construction, actively handled sensitive information and promoted positive publicity in accordance with the public opinion controlling principle of “prevention first, intervention with active opinions”.

The Bank attaches great importance to public opinion management and strictly implements relevant management measures:

- Make good preparations for the response on important occasions in advance, and develop and implement response plans. In order to cope with public opinion after the public disclosure of information, response plans are developed and summarised in four categories, including important occasions, sudden emergencies such as violence threats, false advertising, and marketing and publicity activities disclosed in the report;
- Improve the ability and efficiency of response to media. Through continuously improving professional knowledge, the Bank responds quickly when it detects news media reposting content from the we-media platform, to protect the Bank's legitimate rights and interests. Meanwhile, the process for all employees to respond to media is standardised, the level of responding to media interviews by letter is raised, and anticipation management is strengthened to prepare a united ground in advance for the information that may be of interest to media, which has effectively enhanced the response speed and quality;
- Actively conduct public opinion training and drills. In 2020, we carried out reputation risk management training for new employees, complaints hotline customer service personnel, various branches, and departmental comprehensive posts, and knowledge of reputation risk was further reinforced through online examinations and other forms; in November, we launched the 2020 annual public opinion risk management training session, as well as drills in three scenarios including special customer service during the epidemic, liquidity risks arising from public opinion, and injury disputes at various branches; in December, we organised staffs to participate in the “Bank Reputation Risk Management and Crisis Public Relations” training held by the Sichuan City

Commercial Banks Association, and sent training videos and courseware to various business outlets for serious study;

- Strengthen reputation risk investigation. At the end of 2020, the Bank performed the first annual reputation risk investigation to identify the main drivers for reputation risk, and to conduct post-evaluations on major potential reputation risks/events, disposal and its effects in the current year.

We respect others' intellectual property rights while avoiding infringement of our own intellectual property rights by others. In order to protect trademarks and intellectual property rights, the Bank issued the *Circular on Standardising the Administration of Intellectual Property Rights*, sorting out the intellectual property rights of the Bank and establishing a summary ledger, clarifying the division of responsibilities among various departments and branches, and regulating the intellectual property declaration process. We have a comprehensive review process for external publicity and information release and information issuance via the we-media platform, which shall be reviewed by the person in charge of the demand department and of the brand publicity department, lawyers (when necessary), and the leaders of the demand department and of the brand publicity branch before being released, focusing on whether there are infringement of fonts, software, etc.

### **Strengthen Brand Publicity and Build a Caring Brand**

The Bank has launched a wealth of brand publicity channels, striving to build a caring brand. Offline publicity and displays are mainly in the form of bus stations, light boxes at Yunlong Airport, advertising before films, outdoor advertising and other forms of publicity display. Online publicity is achieved in its cooperation with Luzhou local and national mainstream media. In 2020, "Yuan Bao" was promoted as the Bank's IP image and displayed on various public platforms. Moreover, the first IP innovation -Yuan Bao pillow was also produced for brand publicity, which was well received by employees and customers.

On 17 December 2020, the second anniversary of the Bank's listing, the "Second Shopping Carnival for Benefiting Customers" for a period of four days was jointly conducted by the Bank and Luzhou's largest supermarket. The participants would be given telephone vouchers, take-out vouchers as well as film and television membership vouchers at an

earlier time. On the anniversary day, customers would receive anniversary souvenirs through online and offline business transactions.

In the future, the Bank will introduce more online and offline publicity channels to strengthen corporate cohesion, promote corporate pride among employees and enhance the brand influence of Luzhou Bank.

## 6. Facilitate Staff Development as Talents Prosper the Bank

The Bank adheres to the concept of “Talents Prosper the Bank” and consistently upholds our corporate culture of “enduring love for finance, enduring love for Luzhou Bank and enduring love for the Bank’s employees”. We firmly uphold the people-oriented development idea, strengthen team building, build the talent recruitment system, training system, and reward and punishment mechanisms, and continuously strive to promote the overall quality of employees and the talent team to a new level.

### Stick to the People-Oriented Principle to Protect the Rights and Interests of Employees

The Bank strictly abides by the requirements of laws and regulations such as the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Minors*, the *Provisions on the Prohibition of Using Child Labour*, and the *Trade Union Law of the People's Republic of China*. Besides, we developed systems in accordance with the practical situation of the Bank, including the *Administrative Measures for Labour Contract (Provisional)*, the *Administrative Measures for Employee Recruitment (Trial)*, the *Administrative Measures for Probation Employees (Provisional)*, the *Operational Measures for Selection and Appointment of Middle Management and the Enterprise Annuity Programme (Revised)*, and revised the *Notice on Further Clarifying the Relevant Issues Concerning the Use and Management of Labour Union Funds*.

In the process of signing and renewing contracts, terminating and resolving labour relations, the Bank strictly follows the legal procedures to ensure all relevant procedures are fair, open and impartial, and resolutely prevent discrimination in gender, nationality, etc. On top of that, child labour and forced labour are strictly prohibited, thus, the legitimate rights and interests of employees are safeguarded in accordance with the law. This year, we continued

to deepen the “Efficiency Year” activity to further improve the speed of on-boarding procedures and employee satisfaction through standardised and streamlined operation methods. To build a more effective workforce scientifically and efficiently, we stepped up our efforts to recruit talents, and introduced a number of high-quality talents from domestic 985/211 colleges and overseas universities with the same qualifications that meet the development trend and needs of the Bank, providing a strong and innovative talent support for the development of the industry and a new development driving force for the Bank. At the end of 2020, the Bank had 511 employees under the age of 30, indicating the proportion of young talents was on a steady rise.



#### Employment status of the Bank in 2020

| Number and proportion of employees by gender |                     |                |
|--|---------------------|----------------|
|  | Number of employees | Proportion (%) |
| Male   | 540                 | 43%            |
| Female                                       | 703                 | 57%            |
| Number of employees by age                   |                     |                |
| Under 30 years old                           | 511                 | 41%            |
| 30 to 40 years old (exclusive)               | 476                 | 38%            |
| 40 to 50 years old (exclusive)               | 171                 | 14%            |
| 50 years old or above                        | 85                  | 7%             |
| Number of employees by region                |                     |                |
| Luzhou                                       | 930                 | 75%            |
| Regions outside Luzhou                       | 313                 | 25%            |
| Number of employees by employment type       |                     |                |
| Formal contract workers                      | 1,114               | 90%            |
| Dispatched workers                           | 129                 | 10%            |



### Employees turnover of the Bank in 2020

| Summary of employee turnover in the current year <sup>1</sup> |       |
|---|-------|
| Number of employees resigned                                  | 32    |
| Turnover rate   | 2.57% |
| Employee turnover rate by gender <sup>2</sup>                 |       |
| Male  | 2.41% |
| Female  | 2.70% |
| Employee turnover rate by age                                 |       |
| Under 30 years old  | 5.09% |
| 30 to 40 years old (exclusive)                                | 1.26% |
| 40 to 50 years old (exclusive)                                | 0     |
| 50 years old or above   | 0     |
| Employee turnover rate by region                              |       |
| Luzhou  | 3.12% |
| Regions outside Luzhou  | 0.96% |

1. Employee Turnover Rate= Number of Employees Leaving / Total Number of Employees

2. Employee Turnover Rate of Each Category = Number of Employees Leaving the Category / Total Number of Employees in This Category



### Employee training in 2020

|  |               |
|--|---------------|
| <b>Total number of trainees in 2020</b>            | <b>1,231</b>  |
| <b>Senior management trainees</b>                  | <b>11</b>     |
| <b>Mid-level management trainees</b>               | <b>171</b>    |
| <b>Non-management trainees</b>                     | <b>1,049</b>  |
| <b>Proportion of senior management trainees</b>    | <b>0.89%</b>  |
| <b>Proportion of mid-level management trainees</b> | <b>13.89%</b> |
| <b>Proportion of non-management trainees</b>       | <b>85.22%</b> |



### Employees' death from work in 2020

| <b>Employees health and safety</b>                     | <b>2020</b> | <b>2019</b> | <b>2018</b> |
|--|-------------|-------------|-------------|
| <b>Number of employees died at work</b>                | <b>0</b>    | <b>0</b>    | <b>0</b>    |
| <b>Mortality rate at work (%)</b>                      | <b>0</b>    | <b>0</b>    | <b>0</b>    |
| <b>Number of employees injured at work</b>             | <b>0</b>    | <b>0</b>    | <b>0</b>    |
| <b>Number of lost working hours due to work injury</b> | <b>0</b>    | <b>0</b>    | <b>0</b>    |

In accordance with the principle of “efficiency comes first”, the Bank, by laying emphasis on performance, continues to implement a market-based performance evaluation mechanism of flexible performance pay based on post wages, so as to further strengthen the market-based evaluations and the supervision of market-based performance evaluation at marketing branches. By closely linking staffs’ performance pay to work performance, we continue to give full play to the incentive and guidance role of remuneration, stimulate



the employees' passion and enthusiasm for work, put an end to the inertia, and improve the overall efficiency of the Bank.

In terms of employee benefits, the Bank, by strictly abiding by the state and local governmental systems on basic welfare, provides all employees with basic pensions, basic medical insurance, unemployment insurance, work injury insurance and maternity insurance, government-type supplementary medical insurance as well as housing funds. Based on the actual situation, the Bank has also established self-owned enterprise welfares covering enterprise annuity and supplementary medical insurance system, to effectively protect employees' rights and interests, greatly enhance employees' sense of belongings, and strengthen corporate cohesion.

In order to ensure the smooth transmission of information and the availability of communication channel, we have formulated *Luzhou Bank's Elective Measures for Workers' Representative Conference* in accordance with the law, and hold employee representative conference or joint conference of group leaders of employee representatives every year to collect employee proposals and suggestions. Employee representatives are invited to participate in decision-making discussions on major issues and proposals. We also organise elections for the trade union every 3 years. The Bank's trade union are composed of 18 trade union groups, which are classified according to the principle of proximity, in order to facilitate trade union groups to carry out their daily work and organise the activities of employees within the group. Each trade union group has a group leader and a daily contact person to ensure the smooth transmission of information on trade union work. We also encourage employees to actively provide ideas to optimise the organisational management, and through regular discussions with employees in branches, we pay attention to the updates and needs of employees with regard to work, life and thoughts, so as to keep up with their updates, solve their problems.

#### **Improve the Training System to Enable Staff Growth**

We respect the value of talents, attach great importance to employees' professional growth and training, strengthen team building and strive to enrich the forms and platforms of staff training. Through the development of the *Staff Training Management Measures*, the

*Employee Re-education Management Measures (Revised)* and the “*Superpower Team*” *Management Measures*, we endeavour to discover and explore new talent cultivation model and continue to improve the overall quality of employees in order to promote the overall quality of talent team to a new level.

The Bank carries out training according to the Bank’s actual needs at different stages of development and makes adjustments based on business lines, geographic locations and staff performance levels. We organise the training in the forms of internal training and external training, centralised training and independent training. We continue to improve talent training mechanism by integrating multi-agency cooperation from inside-to-outside and online-to-offline, covering the orientation to new comers, the build-up training for reserve talents, the leadership improvement training for mid-level management personnel, daily trainings for all business lines, online business trainings, international and domestic training courses for high-end financial qualification certifications, various business trainings organised by the City Commercial Banks Association, academic upgrading courses held by Southwestern University of Finance and Economics, and other talent training programs.

The Bank attaches great importance to the long-term career development of employees, setting development goals in stages based on different characteristics and visions of employees, carrying out regular review and evaluation on the development status of employees, so as to guide employees to conduct self-planning, self-improvement, self-motivation to propel their career growth and development. To strengthen talent flow and exchange, we provide employees with a broad space for development and a platform to play their roles across the Bank, and encourage employees to exchange ideas and business trends across regions and business lines, so as to fully unleash the potential of talents. In 2020, the Bank, for the first time, selected key staffs to exchange and study at advanced branch offices in different locations, with a total of 117 staffs assigned for business communications and studies across regions and business lines, enhancing the comprehensive ability and quality of employees, stimulating the vitality of team, and laying the foundation for the Bank's strategy of “Talents Prosper the Bank”.

In order to drive the systematic and strategic improvement of the Bank’s human resources

management and to enable the quality of leading talent teams quickly adapt to enterprise development, the Bank officially launched the talent review programme in September 2020 and engaged a professional management consulting company. The programme was carried out in three stages, including the establishment of a “dual channel” for the career development of leading talents and of the differentiated employment standard, and the review of all employees based on their abilities and qualities and the application of review results. This year, the first stage was completed, in which the Bank established a “dual channel” for the career development of leading talents covering “management channel” and “professional channel” and realised the differentiated development of employment standard by multiple evaluation dimensions. The “dual channel” further broadened and unlocked the channel for the promotion of employees, and the employment standard for leading talents clearly defined the basis for selection and allocation of them, which effectively inspired the enthusiasm of employees across the Bank, and significantly increased the Bank's competitiveness in attracting and retaining talents.

#### **The “Superpower Team” Talent Training Programme**

In 2020, the Bank continued to push forward the “Superpower Team” talent training programme, building a team of management associates through selecting outstanding personnel recommended by different departments/branches. The team members were cultivated and improved through the “10 Training Measures” and the “Trans-training Project”. While continuously implementing and improving the “10 Training Measures”, the Bank innovatively executed the “Post (Business) Brand” mechanism and the “Think Tank Discussion” mechanism, encouraging members to pursue the excess value of their posts, striving for a leading position in the industry, and motivating them to perform intensive discussions and broaden their minds centred around the Bank’s businesses. The “Trans-training Project” gave full play to the role of demonstration and leadership of senior team members to promote team building across the entire bank. The project effectively optimised the Bank’s reserve talent echelon and cemented the talent reserve base.

### Focus on Employees' Health and Enrich Their Leisure Time

The Bank strictly observes the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, the *Fire Protection Law of the People's Republic of China*, the *Regulation on Work-Related Injury Insurances*, and other relevant laws and regulations, and formulated the administrative regulations such as the *Safety Inspections Administrative Measures*, the *Implementing Rules for the Safety and Security Work for Statutory Holidays*, and the *Measures for the Construction and Management of Safety Protection Facilities in Business Places*, effectively strengthening the humanistic care for employees and helping the Bank provide a good working environment for employees.

The security work of the whole Bank is carried out under the leadership of Security Leading Group at the head office, which sets up the Security Department at subordinate offices. Subordinate organisations at all levels implement the management responsibilities. Furthermore, security working groups are established at various branches and primary sub-branches, and security personnel are assigned in various departments and outlets.

In order to ensure a safe working environment, the Bank offers well-equipped ventilation, air conditioning, dustproof and radiation protection facilities to actively improve the workplace conditions. Meanwhile, we regularly organise fire drills to enhance employees' awareness of fire safety and their ability to deal with emergencies. In 2020, fire safety training was conducted in a centralised manner for each bank outlet and department by a professional training company, which avoided the gatherings during the epidemic while achieving a targeted one-to-one training effect.



Fire safety training

The Bank actively launches the “Safe Production Month” activities and organises the whole Bank to comprehensively investigate security vulnerabilities and weaknesses in safety publicity and education, implementation of safety system and construction of safety facilities. The Bank also focuses on production safety and centralised rectification, thoroughly eliminates safety hazards and tries to perform self-inspection and self-correction on a regular basis. Besides, the Bank distributes free safety education and publicity materials to all employee, and organises and guides employees to acquire the knowledge of production safety, fire safety and occupational disease prevention and control commonly used in work and life by means of concentrated learning, self-study and discussion.

While ensuring a safe working environment, we are always concerning about the physical and mental health of our employees. We provide regular physical examinations for our employees and adjust, as appropriate, their work position and intensity according to their health condition and treatment needs, in case of obvious health problems diagnosed in the examination. We adopt regular psychological interviews and tests to obtain a comprehensive understanding of the mental health of employees, provide all-round guidance (both individually and collectively) for the employees to adjust their emotions and relieve stress, effectively maintaining their mental health and preventing mental illness caused by emotions and stress.

The Bank further implements employee caring mechanism and continues to build the “Employee Home”. We have set up gyms, yoga rooms, and employees’ bookstores at the head office. This year, we also built a mummy and baby house and a parent-child centre to help employees achieve work-life balance. The “Mummy and Baby House” was awarded the title of “Provincial Demonstrative Mummy and Baby House” by Sichuan Provincial Federation of Trade Unions. We have set up more than 10 hobby groups, including basketball, fishing, hiking, make-up, photography, etc. and a poetry painting group was newly added this year to further enrich the spiritual lives of employees; we also purchase mutual critical illness insurance for female employees, care for pregnant female employees, provide higher education incentives for employees' children, deliver traditional festival care, and send festival gifts to employees who encounter major difficulties. During the

outbreak of the pandemic, we were also concerned about the safe return of our employees' children to school. After collecting information on their school attendance, we immediately purchased 18,100 kids face masks and distributed them to employees, showing our loving care for employees' children and building a safe and warm defence for our employees. This year, we organised a variety of employee activities, including healthy running, after-reading communication, birthday cake DIY, the rehearsal of dance work “The Beauty of Luzhou” which won excellence award at the "Dance Competition" of the 10th Popular Cultural and Tourist Art Festival, etc. Such a wide variety of activities were well received and enhanced communication and group cohesiveness among employees.



“Mummy and baby house” and “Healthy running” activities

### *Enrich Young Employees' Leisure Time and Establish Dating Platform*

In order to enrich the leisure life of young employees, the Bank developed a detailed activity plan for single young employees, built a dating platform, and organised an offline fellowship activity. The activity was carried out with rich and funny games, so that young employees could participate in the activity in a relaxed and pleasant atmosphere and make new friends. The Bank has organized 2 sorority activities together with the LU ZHOU LAO



JIAO CO., LTD and Chuannan Machinery Manufacturing Plant Co., Ltd to help employees balance work and life.



Activity themed on “Brimming with youthful enthusiasm and building a bridge of friendship”

### *Eulogise Our Great Motherland and Visit Anti-Japanese Heroes*

On the occasion of the 93rd anniversary of the founding of the Chinese People's Liberation Army, in order to eulogise the anti-Japanese heroes for their great contribution to our great motherland and the people, leaders of the Bank, together with staff representatives, went to Chengdu ,visited and showed respect for seven revolutionary veterans. The visiting group was concerned about the old heroes' health condition and basic necessities of life and listened to the stories of the old heroes in the War of Resistance. The activity allowed staff representatives to have a deeper understanding of and stronger feelings about the history of arduous struggle, remember the history and cherish the present.

## **7. Uphold Green Development and Advocate Low-carbon Operation**

In order to put into practice of relevant regulatory requirements, the Bank increases its support for the green economy, low-carbon economy and recycling economy , optimises the credit structure and actively advocates green office, and is committed to establishing an effective environmental and social risk management system, which in turn helps the Bank establish a sustainable development model that is mutually beneficial to society.

### **Support Green Credit and Promote Environmental Protection Development**

As an important tool to address the challenges posed by climate change, green finance has received increasing attention. The Bank puts into practice of the relevant regulations of the

*Guiding Opinions on the Credit Work for Energy Conservation and Emission Reduction, the Green Credit Guidelines, the Opinions on Green Credits, the Implementation Opinions of the Bank of Sichuan on Green Credits, and formulated the Basic Green Credit System, the Opinions on Green Credit Granting, and other basic guidance systems to better carry out green credit related granting.*

The Bank requires its departments and sub-branches to firmly uphold and advocate green credit concepts such as conservation, environmental protection and sustainable development, and takes active measures to enhance the green credit awareness of its staffs, to meet national requirements for environmental management, pollution control and ecological protection. The Bank has established a sound organisational structure with the responsibilities of each department clarified and set and strictly implemented the access standards for green credit projects with policies and standards covering all stages of loans provision in place. In addition, the Bank conducts in-depth investigation on potential energy consumption, pollution and other major issues that may arise from enterprises and provides great support to key industries such as strategic emerging industries and cultural industries. All projects and enterprises that violate national industrial policies, environmental protection policies, and that may cast significant adverse effects on the environment and society will be refused. Furthermore, the Bank regularly organises internal audits on green credit, and accountability should be executed in accordance with regulations in case of any major issue. An effective green credit evaluation system and reward and punishment mechanism can also guarantee the implementation of the incentive and restraint measures, which in turn ensures the continuous and effective operation of green credit.

This year, we continued to increase support for the green economy, low-carbon economy and recycling economy, and prevented environmental and social risks in an effective way, which in turn helped the Bank optimise the credit structure, laying a solid foundation for green finance and green development. As of December 2020, the Bank had granted green loans amounting to RMB 193.20 million, including RMB 36 million for modern agricultural seed industry as well as animal and plant germplasm resources conservation, RMB 62.50 million for comprehensive improvement of rural lands, RMB 49.20 million for



the establishment and operation of district metered area leakage control system for urban

**Case: Gulin Jinchi Water Supply and Sewerage Co., Ltd.**

The Bank supports the establishment and operation of district metered area leakage control system for urban water supply pipe network, and has granted a fixed asset loan of RMB 50 million to Gulin Jinchi Water Supply and Sewerage Co., Ltd. By the end of 2020, the loan balance was RMB 49.20 million, which was granted for the construction of nearly 25 km<sup>2</sup> of water pipe network in Gulin County and the update of hardware operating equipment, the extension and reconstruction of urban pipe network and the construction of new reservoir in the No. 2 Water Plant. The pipe network renovation project is in consistence with the County's development plan.

water supply pipe network, and RMB 45.50 million for the establishment, maintenance, management and operation of green lands.

**Case: Luzhou Naxing Urban Construction Development Co., Ltd.**

The Bank supports modern agricultural seed industry as well as animal and plant germplasm resources conservation, and has granted a "Quanxindao" loan of RMB 45 million to Luzhou Naxing Urban Construction Development Co., Ltd. By the end of 2020, the loan balance was RMB 26 million, which was granted for green forestry development projects such as cultivation and management of greening and ornamental vegetation as well as ecological agriculture involved in cultivation and management of green vegetation, etc.

**Advocate Resource Conservation and Green Office**

In compliance with the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China* and other relevant laws and regulations, the Bank has formulated the *Measures for the Management of Business Facilities at the Head Office*, the *Measures for the Use and Management of Official Vehicles*, the *Measures for the Management of Computer Consumables*, etc. In addition, in

adherence to the concept of sustainable development underlining low-carbon environmental protection, the Bank regards energy conservation and emission reduction as important tasks, takes active measures to enhance the awareness of environmental protection of its staffs and further promotes its scientific, healthy and green development based on the concept of “devoting ourselves and starting from the basics around us”.

For water and electricity conservation, in 2020, the Bank revised the *Measures for the Management of Business Facilities at the Head Office*, improved the supervision and inspection policies, strictly inspected the lights, air conditioners and computer equipment to ensure they are turned off during non-office hours, and supervised the water and electricity consumption in each office area. In addition, during the epidemic prevention and control, hands-washing-free disinfectants were provided in bank outlets and office areas, to facilitate epidemic prevention and control while avoiding waste of water.

For paper saving, this year, we realised paperless expense reimbursement, greatly reducing paper consumption in expense reimbursement. We continued to build OA paperless office systems, enabling daily online work of each branch and department and realising paperless office processes more widely. In addition, we sent wastepaper materials produced in daily work to professional recycling companies for melting into pulp, enabling the reuse of paper. For petrol saving, we adhered to the principle of improving vehicle efficiency and reducing vehicle costs, abided by the regulations on official vehicles, formulated a detailed management budget of vehicle costs, and took active measures to raise the driving skill of relevant personnel, to facilitate sustainable development which underpins low-carbon environmental protection as well as energy conservation and emission reduction.

For the management of non-hazardous wastes, the Bank developed the *Action Plan for Practising Thrift and Opposing Food Waste*, which calls on all the Bank’s employees to practise thrift and oppose food waste, and actively advocates the no-leftover movement. Meanwhile, the Bank responded to national calls to implement the new trends and calls for rubbish classification, adhered to the principle of separating kitchen waste from household waste, and prohibited taking take-away food into the buildings to reduce food waste, making new contributions to the development of the civilised and healthy city.

For the management of hazardous wastes, we strictly implemented the *Measures for the*

*Management of Computer Consumables.* The *Measures* makes explicit stipulations on the recycling of the computer consumables such as toner cartridges, ink cartridges and batteries which are harmful to people, equipment and environment, and clarifies that computer consumables shall be put into special recycling bins and disposed of by qualified professional companies in accordance with national laws and regulations and relevant environmental protection requirements, instead of discarding or disposing them carelessly.

## Environmental Performance

### Emissions

| Indicator <sup>1,2</sup>   | Year 2019 | Year 2020 |
|--|-----------|-----------|
| <b>Emissions (in tonne)<sup>3</sup></b>  | 0.0267    | 0.0238    |
| <b>Nitrogen oxides (in tonne)</b>  | 0.0257    | 0.0226    |
| <b>Sulphur dioxide (in tonne)</b>  | 0.0010    | 0.0012    |
| <b>Total greenhouse gas emissions (scope 1 and scope 2) (in tonne)<sup>4</sup></b> | 4,150.96  | 7,120.75  |
| <b>Greenhouse gas emissions per capita (scope 1 and scope 2) (in tonne/person)</b> | 4.05      | 5.73      |
| <b>Direct emissions (scope 1) (in tonne)</b>                                       | 224.52    | 273.91    |
| <b>Natural gas (in tonne)</b>  | 75.13     | 102.97    |
| <b>Petrol (in tonne)</b>   | 146.46    | 167.82    |
| <b>Diesel (in tonne)</b>   | 2.93      | 3.12      |
| <b>Indirect emissions (scope 2) (in tonne)</b>                                     | 3,926.44  | 6,846.84  |
| <b>Electricity purchased (in tonne)</b>  | 3,926.44  | 6,846.84  |
| <b>Total hazardous waste (in tonne)<sup>5</sup></b>                                | 3.68      | 4.51      |
| <b>Hazardous waste per capita (in tonne/person)</b>                                | 0.0036    | 0.0036    |
| <b>Total non-hazardous waste (in tonne)<sup>6</sup></b>                            | 92.82     | 84.98     |
| <b>Non-hazardous waste per capita (in tonne/person)</b>                            | 0.0906    | 0.0684    |

Notes:

1. Data on environmental performance covered the head office departments, 1 branch 28 branches.
2. The total headcount of employees of the Bank is used for calculating intensities of emissions, energy consumption and wastes.
3. In consideration of the business nature of the Bank, emissions mainly refer to emissions from company vehicles, comprising mostly nitrogen oxides and sulphur dioxide.
4. In consideration of the business nature of the Bank, greenhouse gas emissions arise mainly from

consumption of electricity purchased and fossil fuel. Greenhouse gas inventories include carbon dioxide, methane and nitrous oxide. Greenhouse gas emissions are measured in carbon dioxide equivalents and calculated based on the *2017 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* issued by the Intergovernmental Panel on Climate Change (IPCC).

5. Hazardous wastes refer to toner cartridges and ink cartridges purchased by the Bank on this year, the weights of which are estimated based on numbers and types purchased.

6. Non-hazardous wastes include the Bank's household wastes, kitchen wastes and office equipment waste, etc. Household wastes and kitchen wastes thereof are handled by the property management unit of the office building while office equipment wastes are recycled by recyclers.

## Use of Resources

| Indicators  | Year 2019 | Year 2020 |
|---|-----------|-----------|
| <b>Energy consumption (in MWh)<sup>1</sup></b>            | 7,469.75  | 12,516.83 |
| <b>Energy consumption per capita (in MWh/person)</b>      | 7.29      | 10.07     |
| <b>Direct energy consumption (in MWh)<sup>2</sup></b>     | 993.68    | 1,224.01  |
| <b>Natural gas consumption (in MWh)</b>                   | 384.24    | 526.60    |
| <b>Petrol consumption (in MWh)</b>                        | 598.29    | 685.54    |
| <b>Diesel consumption (in MWh)</b>                        | 11.15     | 11.87     |
| <b>Indirect energy consumption (in MWh)</b>               | 6,476.07  | 11,292.82 |
| <b>Electricity consumption (in MWh)</b>                   | 6,476.07  | 11,292.82 |
| <b>Tap water consumption (in tonne)</b>                   | 32,049.02 | 38,546.31 |
| <b>Tap water consumption per capita (in tonne/person)</b> | 31.30     | 31.01     |
| <b>Paper consumption (in tonne)</b>                       | 41.54     | 54.89     |
| <b>Paper consumption per capita (in tonne/person)</b>     | 0.041     | 0.044     |

Notes:

1. Energy consumed by the Bank mainly refers to natural gas, diesel, petrol and electricity purchased.

2. Energy consumption is calculated based on the consumption of electricity and fuel, and the conversion factors provided in the General Principles for Calculation of Total Production Energy Consumption (GB/T 2589-2008).

## 8. Support on People's Livelihood and Public Benefit

The Bank has always been concerned about people's livelihood, taken the initiative to help poor community, proactively promoted activities that benefit the public and made constant efforts to make the society more harmonious.

### Focus on Directional Poverty Alleviation, Support Targeted Poverty Alleviation

This year the Bank formulated a series of management measures, including the *Special Credit Plans for Poverty-stricken Counties in 2020*. It focused on poverty alleviation to proactively undertake its social responsibilities as a state-owned enterprise and carried out targeted poverty alleviation activities to drive the development of rural economy.

As a local financial institution, the Bank has set up a leading group for poverty alleviation headed by the Chairman which is responsible for orderly progress of poverty alleviation work, so as to thoroughly implement the CPC Central Committee's poverty alleviation strategy and accelerate the targeted poverty alleviation in Luzhou. The Bank sent the Major Secretary to visit poverty-stricken households, to implement various poverty alleviation measures and carry out poverty alleviation work in a down-to-earth and effective manner. While upgrading the hardware for poverty alleviation, we are also concerned about the knowledge publicity on poverty alleviation in poor areas. This year, in conjunction with the activities such as “Popularizing of financial knowledge in rural areas” and “Promoting of Financial Knowledge to Households” launched by support units for poverty alleviation, the Bank widely publicized the significance of national poverty alleviation strategy and social poverty alleviation to all villagers through bulletin board, to enhance the responsibility sense of the whole village for targeted poverty alleviation.

In 2020, the Bank donated a total of RMB 5.435 million for education, renovating dilapidated houses and living facilities for poor households, repairing collapsed roads, expanding village activity rooms and cultural square, replenishing the construction funds for construction of teaching buildings, and providing funds for medical equipment and facilities in poor counties. The Bank received extensive social recognition and was awarded the title of “Advanced Unit for Financial Poverty Alleviation in Sichuan”, and the Major Secretary sent was awarded as “good person for poverty alleviation in the City of Liquor” by the Luzhou Municipal People's Government.

### **Educational Poverty Alleviation Construction**

In 2020, the Bank donated RMB 700 thousand to Sanhe Village Primary School in Gulin County for building a multi-purpose room for the central primary school in rural areas to improve the educational infrastructure and create a better learning environment for children in poor mountain areas. The Bank was therefore awarded as the "Advanced Unit for Educational Poverty Alleviation under the Project Pillars" by the Luzhou Municipal People's Government.

### **Ecological Poverty Alleviation Construction**

Lelang Village in Lianghe Town, Xuyong County is located in the hinterland of the contiguous poverty-stricken areas of the Wumeng Mountain. In order to bring the poverty alleviation initiatives to a satisfactory conclusion in an all-round way, Lelang Village plans to connect the tea farm of Lelang Village with that of Jianshan Village for joint development, and gradually realise the integrated development of tea industry and tourism industry, so as to raise the economic income of surrounding farmers. The Bank has donated RMB 1 million to Lelang Village for planting more high-quality tea in the tea farm and building a tea production experience centre.

### **Promotion of “Benefiting Farmers Loan” Product and Publicity of Related Financial Knowledge**

In order to better implement the policy of inclusive finance, facilitate the production and development of farmers, provide more financial support for agriculture, rural areas and farmers, and popularise related knowledge on “Hui Nong Loan” product among farmers, the Bank went to the supported village - Sanhe Village in Longshan Town to promote the Bank’s “Hui Nong Loan” product and publicize credit-related financial knowledge. On the day of the activity, the Bank distributed more than 150 publicity materials and provided consultations for more than 60 persons, and over 20 poor households showed the intention to take the “Hui Nong Loan” product. The publicity activity enabled villagers to have a certain understanding of loan products, credit and financial knowledge, and strengthened the relationship between the Bank and the villagers, which in turn would be conducive to the promotion of poverty alleviation in the future.

### **Devote to Social Benefit by Engagement in Various Voluntary Activities**

The Bank actively carries out volunteer activities and has built the volunteer service team and network civilised communication volunteer service team. At present, the number of team members accounts for over 30% of the total members of the Bank. The Bank is committed to improving the community environment and raising the level of community civilisation, by carrying out learning-from-Leifeng volunteer service activities and integrity promotion activities on a weekly basis, and providing its customers with free publicity services on such topics as prevention of financial risks and combat against financial crime. In order to push forward the building of a civilised Luzhou, the Bank and the community have jointly carried out large-scale civilisation promotion activities every weekend, including household-based promotion and residence-community-based promotion on the building of a civilised Luzhou, and have organised 200-odd employee volunteers (person-times) to visit households in residence communities such as Yinglun Chengbang and Victory Town and commercial tenants along the streets, achieving full

coverage of household-based promotion. In addition, the Bank has launched a large number of advertisements for building a civilised city, which are displayed by carefully selected advertising carriers to not only beautify the community environment but enhance the atmosphere for the building of a civilised Luzhou. This year, the Bank provided a financial support (used for building a civilised Luzhou) of RMB 120 thousand to Wangshanping Community of Yutang Street, Longmatan District, Luzhou City, to help improve the infrastructure of the community, which was welcomed and appreciated by the local residents.

### **Assume Social Responsibility and Actively Fight Against the Epidemic**

During the outbreak of the epidemic, the Bank issued the *Work Plan for Epidemic Prevention and Control* and the *Work Plan for Resumption of Work and Production*, and implemented epidemic prevention and control measures in strict compliance with relevant requirements, so as to ensure orderly progress of all work during the epidemic.

The Bank takes active measures to guarantee security during cash receipt and payment. In order to prevent the risk of cross-infection caused due to a large cash on hand in hospitals, the Bank, in collaboration with security companies, insisted on providing on-site collection services for hospitals during the epidemic, offered cash disinfection cabinets at the outlets, disinfected and then counted the cash collected on site, and stored separately and finally deposited at coffers in a centralised way, ensuring cash security. Cash returned from the segregated companies should be disposed of and stored separately according to the requirements, so as to ensure the safety, hygiene and cleanliness of cash in circulation.

The Bank actively supports the financial services for affected enterprises and individuals. During the outbreak, Luzhou Bank has implemented preferential interest rates on new loans granted to key enterprises providing products for epidemic prevention and control, introduced measures such as deferred repayment, reduced or provided free service fees for customers who had difficulty in repayment due to the epidemic, and made every effort to guarantee the stability and efficiency of financial services during the special period. In order to respond positively to the national requirements for epidemic prevention and control and quickly meet with regulatory policies and business needs, the Bank has launched the “Xiaolu Cloud Office” video banking with 14 safe functions, including first



realized financial risk assessment, mobile e-signature, etc., supporting the Bank's demand for online business development and reducing the impact of the epidemic on businesses. The Bank has guided customers on online business handling through mobile banking service in a variety of ways, thus providing customers with convenient and fast online channels and more attentive services while lowering the number of customers visiting the Bank and safeguarding customers' health and safety.

#### **Opening a Green Channel for a Medical Equipment Company**

After the outbreak of the epidemic in 2020, Luzhou suffered from an extremely short supply of face masks. To guarantee the supply of epidemic prevention materials throughout the city, a medical equipment company obtained a license to produce medical masks through the green channel and purchased a production line for medical masks. However, there was an urgent need for capitals to start production. After knowing this, the Bank immediately opened a green channel, prioritised business processing and simplified procedures for this company, provided additional credit facility apart from the inclusive financial loan of RMB 5 million previously granted to the company, and released a "Shui Jin Dai" loan of RMB 1 million for the company at a preferential interest rate of 3.735% for key enterprises providing products related to epidemic prevention and control.

## Appendix - Environmental, Social and Governance Reporting Guide

| Subject Area         | Aspect          | “Comply or explain” Provisions  | Corresponding Chapters                                       |
|----------------------|-----------------|---|--|
| <b>Environmental</b> | A1<br>Emissions | General Disclosure<br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the listed company relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | “Uphold Green Development and Advocate Low-carbon Operation” |
|                      |                 | A1.1 The types of emissions and respective emissions data.  | “Environmental Performance”                                  |
|                      |                 | A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).  | “Environmental Performance”                                  |
|                      |                 | A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).   | “Environmental Performance”                                  |
|                      |                 | A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).   | “Environmental Performance”                                  |
|                      |                 | A1.5 Description of measures to mitigate emissions and results achieved.  | “Uphold Green Development and Advocate Low-carbon Operation” |
|                      |                 | A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.   | “Uphold Green Development and                                |

|  |  |   |  |
|--|--|---|--|
|  |  |   | Advocate Low-carbon Operation”                               |
|  | A2 Use of Resources                      | General Disclosure<br>Policies on the efficient use of resources, including energy, water and other raw materials.  | “Uphold Green Development and Advocate Low-carbon Operation” |
|  |  | 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). | “Environmental Performance”                                  |
|  |  | A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).   | “Environmental Performance”                                  |
|  |  | A2.3 Description of energy use efficiency initiatives and results achieved.   | “Uphold Green Development and Advocate Low-carbon Operation” |
|  |  | A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.                                    | “Uphold Green Development and Advocate Low-carbon Operation” |
|  |  | A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.   | Not applicable   |
|  | A3 The Environment and Natural Resources | General Disclosure<br>Policies on minimising the listed company’s significant impact on the environment and natural resources.  | “Uphold Green Development and Advocate Low-carbon Operation” |
|  |  | A3.1 Policies on minimising the listed company’s significant impact on the environment and natural resources.   | “Uphold Green Development and Advocate Low-carbon Operation” |

|               |                      |   |   |
|---------------|----------------------|---|---|
| <b>Social</b> | B1<br>Employment     | General Disclosure<br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the listed company relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | “Facilitate Staff Development as Talents Prosper the Bank”                                |
|               |                      | B1.1 Total workforce by gender, employment type, age group and geographical region.   | “Facilitate Staff Development as Talents Prosper the Bank”                                |
|               |                      | B1.2 Employee turnover rate by gender, age group and geographical region.   | “Facilitate Staff Development as Talents Prosper the Bank”                                |
|               | B2 Health and Safety | General Disclosure<br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the listed company relating to providing a safe working environment and protecting employees from occupational hazards.   | “Facilitate Staff Development as Talents Prosper the Bank”                                |
|               |                      | B2.1 Number and of rate work-related fatalities.  | “Stick to the People-Oriented Principle to Protect the Rights and Interests of Employees” |

|  |                                |  |   |
|--|--------------------------------|--|---|
|  |                                | B2.2 Lost days due to work injury.   | “Stick to the People-Oriented Principle to Protect the Rights and Interests of Employees” |
|  |                                | B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.   | “Facilitate Staff Development as Talents Prosper the Bank”                                |
|  | B3<br>Development and Training | General Disclosure<br>Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.  | “Facilitate Staff Development as Talents Prosper the Bank”                                |
|  |                                | B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).  | “Stick to the People-Oriented Principle to Protect the Rights and Interests of Employees” |
|  |                                | B3.2 The percentage of employees trained by employee category and gender (e.g. senior management, middle management).  | -   |
|  | B4 Labour Standards            | General Disclosure<br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the listed company relating to preventing child and forced labour. | “Facilitate Staff Development as Talents Prosper the Bank”                                |

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|--|----------------------------|---|---|
|  |                            | B4.1 Description of measures to review employment practices to avoid child and forced labour.   | “Facilitate Staff Development as Talents Prosper the Bank”        |
|  |                            | B4.2 Description of steps taken to eliminate such practices when discovered.  | “Facilitate Staff Development as Talents Prosper the Bank”        |
|  | B5 Supply Chain Management | General Disclosure<br>Policies on managing environmental and social risks of the supply chain.  | “Standardise Supplier Management and Advocate Green Procurement”  |
|  |                            | B5.1 Number of suppliers by geographical region.  | -   |
|  |                            | B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.  | “Standardise Supplier Management and Advocate Green Procurement”  |
|  | B6 Product Responsibility  | General Disclosure<br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the listed company relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | “Be Service-oriented and Safeguard Customer Rights and Interests” |
|  |                            | B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.   | Not applicable  |

|  |                    |  |   |
|--|--------------------|--|---|
|  |                    | B6.2 Number of products and service related complaints received and how they are dealt with.   | “Be Service-oriented and Safeguard Customer Rights and Interests”     |
|  |                    | B6.3 Description of practices relating to observing and protecting intellectual property rights  | “Be Service-oriented and Safeguard Customer Rights and Interests”     |
|  |                    | B6.4 Description of quality assurance process and recall procedures.   | Not applicable  |
|  |                    | B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.   | “Be Service-oriented and Safeguard Customer Rights and Interests”     |
|  | B7 Anti-corruption | General Disclosure<br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the listed company relating to bribery, extortion, fraud and money laundering. | "Run the Bank in Compliance and Strengthen Responsibility Management” |
|  |                    | B7.1 Number of concluded legal cases regarding corrupt practices brought against the listed company or its employees during the reporting period and the outcomes of the cases.  | "Promote System Construction and Create an Integrity Culture”         |
|  |                    | B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.  | "Run the Bank in Compliance and Strengthen                            |

|  |                            |  |  |
|--|----------------------------|--|--|
|  |                            |  | Responsibility Management”                       |
|  | B8<br>Community Investment | General Disclosure<br>Policies on community engagement to understand the needs of the communities where the listed company operates and to ensure its activities take into consideration the communities' interests. | “Support People's Livelihood and Public Benefit” |
|  |                            | B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).   | “Support People's Livelihood and Public Benefit” |
|  |                            | B8.2 Resources contributed (e.g. money or time) to the focus area.   | “Support People's Livelihood and Public Benefit” |