



盛京銀行  
SHENGJING BANK

Shengjing Bank Co., Ltd.\*

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

Stock Code: 02066

2020

Environmental, Social and  
Governance Report



# CONTENTS

2 About This Report

3 A Message from the Chairman  
of the Board of Directors

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4 1. About Us

4 1.1 Company Profile

6 1.2 Honours and Awards

7 1.3 KPIs

---

8 2. Responsibility Fulfilment and  
Proactive Communication

8 2.1 Social Responsibility Concepts

9 2.2 Social Responsibility Management  
and Practices

10 2.3 Social Responsibility  
Communication

12 2.4 Analysis of Material Issues

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13	3. Governance Enhancement and Risk Prevention	30	6. Reciprocate the Society and Achieve a Harmonious and Win-win Result
13	3.1 Improve Corporate Governance	30	6.1 Improve Service Quality
14	3.2 Enhance Risk Management	32	6.2 Safeguard Customers' Rights and Interests
15	3.3 Sound and Compliance-Based Operation	34	6.3 Contribution to Staff's Development
		40	6.4 Commitment to Social Benefits
19	4. Serve the Economy to Improve People's Livelihood	41	7. Special Topic: Combat the Pandemic
19	4.1 Facilitating Regional Economic Development	43	Prospect for 2021
20	4.2 Support the Integration of the Beijing-Tianjin-Hebei Region	44	Independent Limited Assurance Report
21	4.3 Support Small and Micro Businesses	46	ESG Indicator Index
22	4.4 Enhance the Development of "Agriculture, Rural Areas, and Farmers" (Agribusinesses)	48	Feedback from Readers
22	4.5 Promote the Development of Livelihood-Related Financial Services		
23	5. Green Development and Environmental Protection		
23	5.1 Offer Green Credit		
24	5.2 Promote Green Services		
27	5.3 Advocate Green Operation		

\* Shengjing Bank Co., Ltd. is not an authorized institution under the Hong Kong Banking Ordinance (cap. 155), is not subject to the supervision of the Hong Kong Monetary Authority and is not authorized to carry on Banking and/or deposit taking business in Hong Kong.

# About This Report

This report describes the performance and achievements of Shengjing Bank Co., Ltd. (hereinafter referred to as “Shengjing Bank”, “the Bank”, “our Bank” or “we”) in fulfilling its social responsibility in economic, social and environmental areas in 2020.

## Reporting period

The reporting period is from 1 January 2020 to 31 December 2020.

## Reporting cycle

This report is prepared annually.

## Reporting scope

Unless otherwise stated, this report focuses on Shengjing Bank as its main reporting entity, covering its subsidiaries, branches, sub-branches and special institutions.

## Basis of preparation

This report has been prepared in accordance with the disclosure recommendations of The Stock Exchange of Hong Kong Limited's Guidelines for Environmental, Social and Governance Reporting with reference to:

- Sustainability Reporting Guidelines of the Global Reporting Initiative (G4.0)
- Opinions of the General Office of the China Banking and Insurance Regulatory Commission on Strengthening the Social Responsibility of Banking Financial Institutions
- Guidelines of the Shanghai Stock Exchange on Environmental Information Disclosure of Listed Companies
- Guidelines of the China Banking Association on the Corporate Social Responsibility of Banking Institutions of China

## Collection of information

Financial information in this report is partly based on the 2020 financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) and audited by KPMG. Other information is sourced from statistical data of the Bank's internal systems and branches. Cases cited are real cases in the Bank's operations. Unless otherwise stated, Renminbi is the functional currency throughout the report.

## Assurance approach of the report

The Board of Directors of Shengjing Bank Co., Ltd. undertakes that the information in this report contains no false record, misleading statement or material omission, and assume the liabilities to the authenticity, accuracy and completeness of the information in this report.

KPMG Huazhen LLP was appointed to perform independent limited assurance on the report in accordance with the International Standards on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information and issued an assurance report.

## Issuance form

This report is issued in the form of printed version and published on the websites at <http://www.shengjingbank.com.cn> and <http://www.hkexnews.hk>.

This report is available in Chinese and English. If there is any conflict between the Chinese version and its English translation, the Chinese version shall prevail.

## Preparer of the Report

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# A Message from the Chairman of the Board of Directors

2020 was an extraordinary year in Shengjing Bank's history. To cope with the impact of the pandemic and push forward arduous reforms for development, the Bank adopted a holistic approach to strategic transformations, focused on its strategic vision to "build a sound bank" and positioned itself as a bank dedicated to "serving the local economy, SMEs, and urban and rural residents". By doing so, the Bank has opened up new prospects for its business operations in various areas.

**We actively support the real economy in the fight against the pandemic.** The Bank continued to focus on promising and key industries, allocated credit resources to the key areas of economic and social development, promoted the integrated development of industries, provided effective financial support for local economic development, and enhanced our efforts to serve the real economy more effectively. Amid the raging the pandemic crisis in early 2020, Shengjing Bank fully implemented the requirements of the Party Central Committee, the State Council and the provincial and municipal governments to further increase credit support for the real economy and pay special attention to the manufacturing enterprises involving medicine and health, inspection and quarantine and other fields that play an important role in pandemic prevention and control. The Bank carried out full-scale of the "Six Stabilize" and "Six Protect" campaigns. It actively provided support for businesses in financial difficulties, reduced service charges, introduced repayment holidays, increased support for the small and micro businesses loan scale, and provided diversified, one-stop financial services to fully assist small and micro businesses to solve their financing problems.

**We adopt an innovative approach that has enhanced our service capabilities.** Shengjing Bank pursues technology-driven growth as a fundamental policy. Through in-depth integration of industry scenarios, promotion of digitalization, development of intelligence, and banking ecosystem; the Bank fully capitalised on financial technology as an inclusive tool to improve the accessibility of financial services, streamline and optimise processes, upgrade mobile banking and e-banking functions, enhance user experience and drive the growth of the Bank's various business lines. We have built an integrated digital customer service system that covers all products, all channels and all scenarios, which is a unified and digitalized customer management system, in order to effectively meet customers' needs for increasingly diversified financial services. Our service capabilities have improved continuously.

**We have enhanced risk management to lay a solid foundation for robust business operations.** We have adopted a sound and prudent risk management strategy to strengthen our comprehensive risk management system on an ongoing basis. Risk management directors selected internally or recruited externally have been appointed for branches and business lines of the head office to monitor risks vertically across the Bank. We have established a unified credit management system focused on corporate customers. Credit risks in key areas are monitored, early warnings are issued on a forward-looking basis, and post-loan management, collateral management and credit file management have been strengthened, our risk management efficiency has improved continuously. Meanwhile, we have taken market-based measures to address non-performing loans and continuously enhance our asset quality.

**We assist in poverty alleviation and actively fulfil our social responsibilities.** For Shengjing Bank, assisting in poverty alleviation efforts is an important way to fulfil our social responsibilities. We actively implemented the Shenyang Municipal Party Committee and the Municipal Government's policies on targeted poverty alleviation, selected outstanding employees from branches to serve as village party chiefs, implemented the ideology of alleviating poverty by developing industries, helped those in poverty to make a living themselves, and improved local infrastructure and living environment. In addition, we actively fulfilled our social responsibilities as a financial institution, organised various activities to promote the public good and donated to social charity organisations such as the Provincial and Municipal Public Security Systems, the Municipal Foundation for the Disabled, and the Municipal Foundation for Justice and Bravery. In 2020, the Bank was recognised as "Outstanding Financial Institution for Poverty Alleviation" by china.com.cn.

2021 marks the 100th anniversary of the founding of the Communist Party of China, and the first year for China's launching of the 14th Five-Year Plan which has built a dual-circulation development pattern. We will build on our past achievements to embrace new development concepts, play an active part in the new landscape, actively fulfil our social responsibilities, and develop green finance and drive sustainability in order to bring Shengjing Bank to a higher level of quality growth.

**Qiu Huofa**

*Chairman of the Board of Directors*  
**Shengjing Bank**

# 1 About Us

## 1.1 COMPANY PROFILE



Shengjing Bank is headquartered in Shenyang, Liaoning Province. In February 2007, Shenyang Commercial Bank, its predecessor, was approved by the China Banking Regulatory Commission (now known as the China Banking and Insurance Regulatory Commission) (CBIRC) to change its name to Shengjing Bank. Shengjing Bank is a financially strong bank in Northeast China and has been listed on the main board of the Hong Kong Stock Exchange on 29 December 2014 (Stock Code: 02066).

Currently, Shengjing Bank has established 18 branches in Shenyang, Beijing, Shanghai, Tianjin, Changchun, Dalian and other cities, 3 specialised institutions (the Treasury Centre, the Credit Card Centre and the Financial Service Centre for Small Businesses), Shengjing Bank Consumer Finance Co., Ltd., and 6 village banks. With over 200 business units, the Bank's network covers the Beijing-Tianjin-Hebei region, Yangtze River Delta and Northeast China and is well-positioned to address the needs of enterprises, institutions, and individual clients for comprehensive financial services.

Our strategic vision is to build a sound bank and we adopt a business philosophy of "developing the Bank through deposits, compliance as a key foundation of the Bank, developing the Bank through talents, and developing the Bank through technology". We value the work ethics of professionalism, collaboration, pragmatism and efficiency. With forward-looking strategic positioning, market-based systems and mechanisms, unique business systems and robust operational capabilities, we have achieved a balance between size, quality and cost-effectiveness in our development.

Shengjing Bank has always positioned itself as a bank dedicated to "serving the local economy, small and medium-sized businesses, and urban and rural residents". We regard facilitating economic and social development as our objective and foothold and capitalise on institutional and decision-making strength to proactively respond to the state's critical strategies and decisions. We also proactively fulfil our social responsibilities as a financial institution and endeavour to improve our service capacity, quality, and efficiency for the real economy.

## 1 About Us (Continued)

Shengjing Bank focuses on promising industries and strategic customer groups and promotes industry-specific financial strategies. The Bank adopts a service model centred around financing, resource integration, capital operation and asset management, and focuses on product portfolios including investment banking, transaction banking, asset management, government finance and Public-Private-Partnership to provide a full range of services for high-quality customers and their upstream and downstream enterprises and provide integrated financial service solutions for customers.

Shengjing Bank actively implements a Big Retail strategy and a development strategy for retail banking that covers all products, all channels and all scenarios, which establish differentiated and specialised systems for wealth management, public finance and Internet finance. By applying financial and digital technologies, the Bank has achieved breakthroughs in channel expansion, business operations and risk management.

Shengjing Bank actively promotes financial inclusion and has established a Financial Service Centre for Small Businesses. The Bank has increased financial support for small and medium-sized businesses. With a comprehensive service system, a wide range of offerings and a rigorous risk management system, we are in a good position to provide diversified, one-stop financing services for quality small and medium-sized businesses of different types and at different stages of development.

Thanks to our good market image, outstanding management capability, and extraordinary business performance, the Bank has won great reputation from the market. The Bank was listed on the Top 20 Chinese Banks under the World's Best Banks list of Forbes, ranked 143rd on the Banker's Largest 1000 Banks in the World list and 25th among Chinese banks. The Bank was ranked 224th out of 500 of the total and 36th among Chinese banks by Brand Finance, a famous brand valuer, in its Banking edition 500 2020. The Bank was listed on Top 500 Chinese Enterprises, the Most Regionally Competitive Urban Commercial Bank in China, Top 100 Hong Kong Listed Enterprises, the wealth management bank with excellent competitiveness 2020, was certified as a core trader in the interbank RMB market in 2020, was awarded for the China Golden Tripod Awards 2020 for Special Contribution to Local Economic Development, the X-Repo Trading Mechanism Innovation Award, the Bank of 2020 for Retail Banking under the Jinxi Award, the Award for Outstanding Local Services and the Award for Cross-industry Partnerships in Credit Card Business. We were continuously awarded the AAA rating from 2015 to 2020 by China Lianhe Credit Rating Co., Ltd.

# 1 About Us (Continued)

## 1.2 HONOURS AND AWARDS



Honours and Awards	Awarders
The Bank ranked 143rd among the 1000 largest banks global and 25th among Chinese banks	The Banker
Top 20 Chinese Banks under the World's Best Banks ranking	Forbes
The Bank ranked 224th on the Banking 500 2020 list and 36th among Chinese banks	Brand Finance
The Bank ranked 76th on the Top 100 Hong Kong Listed Companies list	Top 100 Hong Kong Listed Companies Research Centre
The 2020 Tianji Award for Wealth Management	Securities Times
The Bank of 2020 for Competitiveness in Wealth Management among the review of outstanding competitive small and micro banks	China Business Journal
The Award for Cross-industry Partnerships in Credit Card Business in 2020	China UnionPay
The Bank of 2020 for Value Creation	21st Century Media
The Jinding annual award for the Bank of 2020 for Special Contribution to Local Economic Development	National Business Daily
The Bank of 2020 for Retail Banking, the Bank of 2020 for Local Services	China Investment Network
The Pioneer of Targeted Poverty Alleviation 2020	finance.china.com.cn
The Bank of 2020 for Investment Value	www.investor.org.cn
Top Banks for Retail Banking 2020	finance.china.com.cn
Top 10 Urban Commercial Banks for Retail Banking 2020	Retail Banking, Digital Banking and Tencent Cloud
The Bank of 2020 for User Growth	ln.qq.com
Pass in respect of Value Creation, Innovative Applications and Emergency Management tests during the 2020 customer service centre and remote banking assessment	China Banking Association

## 1.3 KPIS



Type of KPI	Name of KPI	Unit	2020	2019
Economic KPIS	Operating income	RMB100 million	162.67	210.07
	Net profit	RMB100 million	12.32	54.38
	Basic earnings per share	RMB	0.14	0.90
	Total assets	RMB100 million	10,379.58	10,214.81
	Total deposits	RMB100 million	6,814.05	6,414.28
	Total loans	RMB100 million	5,470.63	4,572.02
	Return on average total assets	%	0.12	0.54
	Return on equity	%	1.55	7.99
	Non-performing loan ratio	%	3.26	1.75
	Provision coverage ratio	%	114.05	160.90
	Capital adequacy ratio	%	12.23	14.54
Social KPIS	Total taxes paid	RMB100 million	33.41	29.67
	Total charitable fund	RMB10,000	528	484.75
	Balance of loans to small and micro businesses	RMB100 million	1,473.47	1,372.55
	Social contribution per share*	RMB	4.02	6.50
	Total number of employees	Person	7,556	6,219
	Proportion of female employees	%	54.84	57.02
	Number of trainings per person per year	Number of times	83	57
Environmental KPIS	Balance of green credit	RMB100 million	75.13	76.02
	E-banking replacement ratio	%	85	81
	Head office power consumption	10,000 kWh	315.60	302.94
	Head office water consumption	Ton	55,979	71,966
	Head office natural gas consumption	M <sup>3</sup>	22,355	23,535
	Head office paper consumption	1 million sheets	2.11	3.22
	Head office oil consumption**	L	71,713	79,221

\* Social contribution per share = (Annual tax paid + Staff salaries paid + Loan interest paid to creditors + Total outbound donations – Other social cost arising from environmental pollution) ÷ Total share capital + Basic earnings per share.

\*\* Including oil consumption by armoured trucks hired by the Bank's outlets in Shenyang.

## 2 Responsibility Fulfilment and Proactive Communication

### 2.1 SOCIAL RESPONSIBILITY CONCEPTS

Our strategic vision is to build a sound bank, which covers the following aspects:

**Sound development:** which requires the Bank to establish clear and advanced development goals, determine a clear market positioning and form a stable customer base to gradually establish its own comparative advantages and core competitiveness, in order to promote the coordinated development of scale, speed, and quality;

**Good quality:** which requires the Bank to develop a clear risk control strategy, establish a robust and effective risk management system and an internal control compliance system, effectively improve asset quality so as to improve development quality continuously;

**Good benefits:** which involves effective asset expansion, continuous improvement of the level of spread, reasonable management and control of operating costs, diversified and stable sources of income, and continuous improvement of the ability to create value;

**Sound mechanisms:** which requires the Bank to strengthen the leading role of the market-oriented operational mechanism, fully mobilise the enthusiasm of cadres/employees and enhance business development strength based on the advantages of the mixed ownership system;

**Good culture:** that is, with the corporate spirit of hard work, entrepreneurship, professionalism and dedication, the Bank should create a clean and upright environment, with strong positive energy, cohesiveness and execution ability;

**Good reputation:** which involves gaining recognition from industry peers and the society, winning trust from customers, being supported by shareholders, ensuring staff's happiness and reassuring regulators. Additionally, the Banks should make due contribution to serving the real economy, promoting inclusive finance and improving people's livelihoods.

Against the backdrop of this strategic vision, we adopt a business philosophy of "developing the Bank through deposits, compliance as a key foundation of the Bank, developing the Bank through talents, and developing the Bank through technology". We value professionalism, collaboration, realism and efficiency in terms of how we do our work. The Bank always positions itself as a bank dedicated to serving the local economy, small and medium-sized business (SMEs) and urban and rural residents. Our fundamental goal is to contribute to economic and social development. Based on this, we actively fulfil our social responsibilities as a financial institution and improve our capabilities for and our efficiency in serving the real economy.

#### Positioning:

Serve the local economy,  
small and medium-sized  
businesses  
and urban and rural  
residents

#### Business philosophy:

Developing the Bank through deposits,  
compliance as a key foundation of the  
Bank, developing the Bank through  
talents and developing the Bank  
through technology

#### Approach to work:

Professional, collaborative,  
pragmatic, efficient

#### Service concept:

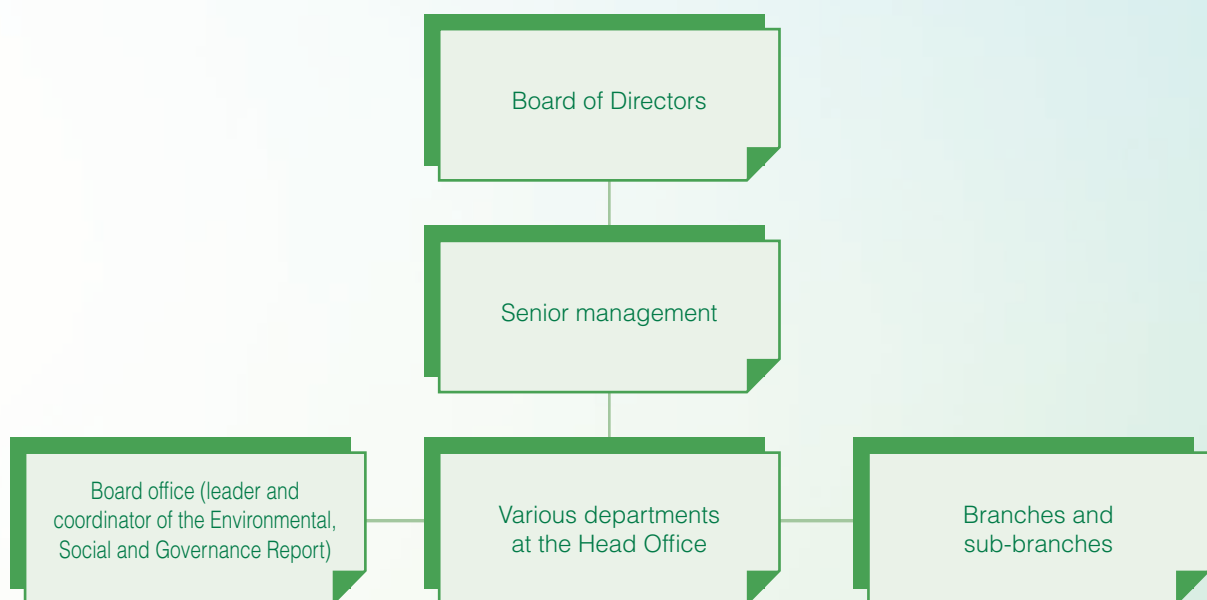
Establish close tie with the  
people and provide service  
at their convenience



## 2 Responsibility Fulfilment and Proactive Communication (Continued)

### 2.2 SOCIAL RESPONSIBILITY MANAGEMENT AND PRACTICES

Social responsibility work is guided by the Board of Directors, supervised by the senior management, led and coordinated by the Board office and executed by the departments at the head office and branches. The work is carried out by inter-departmental collaboration and coordination. In addition to achieving sustainable and stable development, the Bank actively fulfils its social responsibility and includes the social responsibility concepts in every aspect of its business operation.







**Social Responsibility Management Structure**






## 2 Responsibility Fulfilment and Proactive Communication (Continued)

### 2.3 SOCIAL RESPONSIBILITY COMMUNICATION

The Bank has put in place various means of communication to enhance and benefits its communication and exchanges with stakeholders, and adopted a series of measures to meet stakeholders' expectations and requirements.

Stakeholders	Expectations and requirements	Means of communication	Responses and measures
 <b>Government</b>	<ul style="list-style-type: none"> <li>Respond to state policies</li> <li>Serve the real economy</li> <li>Expand financial inclusion</li> </ul>	<ul style="list-style-type: none"> <li>Policy documentation and guidelines</li> <li>Reports on specific topics</li> <li>Information distribution</li> <li>Work meetings</li> </ul>	<ul style="list-style-type: none"> <li>Support the revitalisation of the economy of Northeast China</li> <li>Serve small and medium-sized businesses and agriculture-related businesses</li> <li>Establish a consumer finance company</li> </ul>
 <b>Regulators</b>	<ul style="list-style-type: none"> <li>Comply with regulatory requirements</li> <li>Prevent financial risk</li> <li>Promote industry development</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory policies</li> <li>Surveys and on-site visits</li> <li>Data reporting</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen internal control</li> <li>Improve the risk management system</li> <li>Strengthen daily inspections</li> </ul>
 <b>Shareholders</b>	<ul style="list-style-type: none"> <li>Ensure sustained business operation</li> <li>Increase corporate value</li> <li>Improve returns on investment</li> </ul>	<ul style="list-style-type: none"> <li>General shareholders' meetings</li> <li>Announcements</li> <li>Performance roadshows</li> </ul>	<ul style="list-style-type: none"> <li>Improve the corporate governance structure</li> <li>Execute development strategies</li> <li>Improve profitability</li> <li>Disclose information in a timely manner</li> </ul>
 <b>Customers</b>	<ul style="list-style-type: none"> <li>Simplify business procedures</li> <li>Improve service quality</li> <li>Provide a richer selection of financial products</li> <li>Protect consumers' rights and interests</li> </ul>	<ul style="list-style-type: none"> <li>Marketing activities</li> <li>Customer hotline</li> <li>Surveys</li> </ul>	<ul style="list-style-type: none"> <li>Optimise business procedures</li> <li>Strengthen product innovation</li> <li>Improve service quality</li> <li>Popularise financial knowledge</li> </ul>

## 2 Responsibility Fulfilment and Proactive Communication (Continued)

Stakeholders	Expectations and requirements	Means of communication	Responses and measures
 <b>Employees</b>	<ul style="list-style-type: none"> <li>• Improve employee benefits</li> <li>• Protect the rights and interests of employees</li> <li>• Provide professional training and career development</li> </ul>	<ul style="list-style-type: none"> <li>• Trade union</li> <li>• General meeting of employee representatives</li> <li>• Visits and interviews</li> <li>• Professional training</li> </ul>	<ul style="list-style-type: none"> <li>• Improve the compensation and welfare system</li> <li>• Enhance employee training</li> <li>• Offer care to employees</li> </ul>
 <b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Fair procurement</li> <li>• Honesty and integrity</li> <li>• Cooperation for win-win outcomes</li> </ul>	<ul style="list-style-type: none"> <li>• Negotiation</li> <li>• Cooperation agreements</li> <li>• Tendering and bidding</li> </ul>	<ul style="list-style-type: none"> <li>• Build a procurement management system</li> <li>• Enhance business cooperation</li> </ul>
 <b>Business Partners</b>	<ul style="list-style-type: none"> <li>• Mutually beneficial cooperation</li> <li>• Communication and exchanges of ideas with industry peers</li> </ul>	<ul style="list-style-type: none"> <li>• Seminars</li> <li>• Project cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Surveys and on-site visits</li> <li>• Enhanced exchanges with industry peers</li> </ul>
 <b>Community</b>	<ul style="list-style-type: none"> <li>• Organise community activities</li> <li>• Help vulnerable groups</li> </ul>	<ul style="list-style-type: none"> <li>• Visits and interviews</li> <li>• Community service activities</li> </ul>	<ul style="list-style-type: none"> <li>• Financial aids to students</li> <li>• Organise community activities</li> <li>• Organise volunteer activities supported by employees</li> </ul>
 <b>Environment</b>	<ul style="list-style-type: none"> <li>• Support low-carbon economy</li> <li>• Sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>• Energy conservation and emission reduction</li> <li>• Green finance</li> </ul>	<ul style="list-style-type: none"> <li>• Green credit</li> <li>• Green office</li> <li>• E-banking</li> </ul>

## 2 Responsibility Fulfilment and Proactive Communication (Continued)

### 2.4 ANALYSIS OF MATERIAL ISSUES

#### Analysis of material issues

The Bank selects social responsibility issues based on the expectations of stakeholders and its strategic focuses. It performs a materiality test on such issues with reference to the opinions of the Bank's management and stakeholders when determining material issues.

Identification	Evaluation	Selection
Analysing the expectations and requirements of stakeholders, considering the Bank's strategic development focuses, and referencing industry practices and ESG reporting guidelines.	Distributing surveys to stakeholders, employees and other stakeholders and involving them to rate the importance of selected issues (with 411 valid surveys recovered).	Comprehensively evaluating the opinions of the Bank's management and stakeholders on the importance of the issues, building a materiality matrix and deciding on vitally important issues to be disclosed.

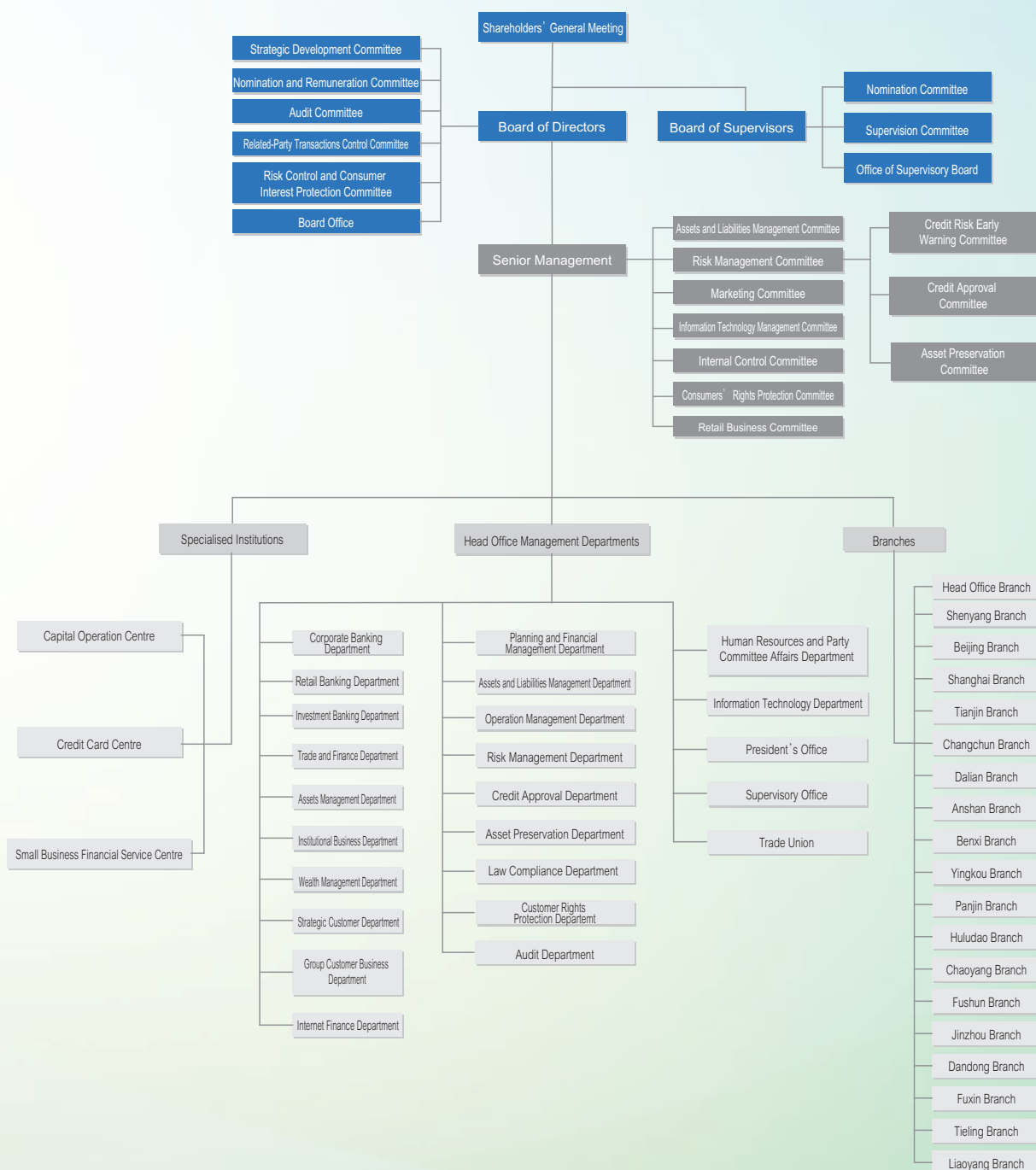
#### Materiality Matrix



## 3 Governance Enhancement and Risk Prevention

### 3.1 IMPROVE CORPORATE GOVERNANCE

The Bank strengthened legal person governance and continued to improve a corporate governance structure with the General Meeting of Shareholders as the supreme authority, the Board of Directors as the decision-making organ, the Board of Supervisors as the supervisory organ and senior management as the executive body. It formulated rules of order, decision-making procedures and work regulations for the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, senior management and their subsidiary authorities, and formed a sound governance structure with a clear assignment of authority and responsibility and effective checks and balances.



Shengjing Bank's Organisational Structure

### 3 Governance Enhancement and Risk Prevention (Continued)

During the reporting period, the Bank held two General Meetings of Shareholders which endorsed 13 resolutions and heard three proceedings covering the 2019 Annual Work Report of the Board of Directors, 2019 Annual Work Report of the Board of Supervisors, 2019 Annual Financial Accounts Report, 2020 Annual Financial Budget Report, and 2019 Annual Profit Distribution Plan, proposed issuance of Financial Bonds and proposed amendments to the articles of association of the Bank.

As at the disclosure date of this report, the Board of Directors of the Bank consisted of 14 directors, among whom 5 were executive directors, 4 were non-executive directors and 5 were independent non-executive directors. Independent non-executive directors accounted for no less than one third of total directors in the Board of Directors. The Board of Directors had 5 special committees, i.e. the Audit Committee, the Nomination and Remuneration Committee, the Strategic Development Committee, the Related Party Transactions Control Committee, and the Risk Control and Consumers' Rights Protection Committee. As at the end of the reporting period, the Bank held 8 meetings of the Board of Directors (including written resolutions), which reviewed and approved 53 proposals and heard 3 proceedings.

As at the disclosure date of this report, the Board of Supervisors had 9 members, including 3 shareholder representative supervisors, 3 employee representative supervisors, and 3 external supervisors. As at the end of the reporting period, the Board of Supervisors held 5 meetings in total, reviewed and heard 37 proposals.

#### 3.2 ENHANCE RISK MANAGEMENT

In 2020, in view of the global outbreak and spread of the Covid-19 pandemic, worsening macro economy, tightening regulations, and volatile external business environments, the Bank paid close attention to risk management. Upholding the vision of building a sound bank, it adopted a scientific and prudent risk management strategy to protect the bottom line of asset loss risk, target risk management pain points and difficulties, continuously implement a comprehensive risk management system, establish an organisational structure for risk management, clarify the duties and positions of the Head Office and branches, carry out systematic training and performance appraisal management, and fix critical gaps. In order to thoroughly optimise the credit risk management system, it reinforced differentiated controls over institutions, regions, industries, clients, products and other areas, continued to reshape systems, policies, and procedures, focused on outstanding credit risks, strictly controlled new risks, enhanced post-lending management, provided early risk warnings, and further ensured proactive, systematic, and comprehensive risk management. The Bank continued to improve its asset, liability, client and business portfolios, significantly enhanced its risk information system and talent capabilities, and increase risk management controls, thereby effectively ensuring stable business operation.

In 2020, the Bank completely analysed and reviewed its risk management system, and formulated and revised risk management policies, rules, and procedures in a timely manner according to its risk management strategy and appetite. Throughout the year, it issued more than 10 risk management policies, covering credit granting, credit usage and collateral management, post-lending management, early risk warning, real estate industry-oriented credit management, low-risk business management, and other critical areas and steps. This significantly improved the risk management system and laid a solid foundation for the coordinated implementation of risk management tasks.



The Bank persistently improved its risk management process and policy propagation mechanism, and dispatched risk managers to relevant departments of the Head Office and risk directors to branches to reinforce risk management. It held special regular meetings, arrange onsite investigations, and performed regular reporting, so as to communicate risk management policies and meet risk management requirements in a timely manner. By offering risk management lectures, it also set up an important bank-wide risk management training and communication platform that integrated the Bank's risk management function, business management function, banking experts, and other optimal resources to propagate the Head Office's risk management policies, help risk management personnel improve expertise, and ensure that all risk

management personnel of the Bank stayed informed of and effectively implemented the Head Office's policies, measures, and requirements for effective business risk management. The Bank has established a risk management communication mechanism between the Head Office and branches to allow the Head Office to inform the branches of risk management requirements and the branches to provide implementation feedback. It has also driven the development of risk management IT systems to offer more technical support to risk management.

## 3 Governance Enhancement and Risk Prevention (Continued)

### 3.3 SOUND AND COMPLIANCE-BASED OPERATION

Shengjing Bank has a scientific, complete, and proper internal control system in place to ensure legal compliance during business operation and management, effective risk management, and authenticity and completeness of business, finance, and management information, helping archive its development strategies and business objectives. The Bank continued to optimise its corporate governance structure with the General Meeting of Shareholders as the supreme authority, the Board of Directors as the decision-making organ, the Board of Supervisors as the supervisory organ and senior management as the executive body. It achieved smooth operation, proper collaboration, and checks and balances and ensured scientific and efficient decision making, implementation, and supervision.

The Bank has established an efficient and properly balanced internal control structure as well as a bank-wide effective multi-layer internal control system and processes. It kept polishing internal control during business activities to bring risk management and internal control to a higher level, ensure sustainable and coordinated development of various businesses, and effectively prevent operational risks. In compliance with the requirements of regulators and the Bank itself, it regularly maintained and updated its policies to ensure that they covered business areas and risk points as expected and proper served as guidelines and instructions. During the reporting period, the Bank formulated and revised over 100 rules and policies regarding business management and risk management, effectively regulating business operations and reinforcing the role of policies as business guidelines.

#### Compliance Checks

Shengjing Bank established a compliance management system adaptive to its development strategy and organisation structure to effectively identify and manage compliance risks, and taken effective control measures to support operational compliance, which include:

1

Establishing a compliance management system adaptive to its development strategy and organisation structure to effectively identify and manage compliance risks.

2

Advocating and promoting the “operational compliance and integrity” philosophy, strictly observing laws, regulations, regulatory requirements, and the Basic Rules of Shengjing Bank on Compliance Management, and prudently conducting various business operation and management activities.

3

Having the Board of Directors, Board of Supervisors, senior management, as well as organisations (departments) and employees at all levels assume their respective compliance management duties to ensure operation and management activities comply with laws, regulations, and the Bank’s development strategy.

4

Fully considering the association between compliance risks and credit risks, market risks, operational risks, as well as other risks during compliance risk management to ensure consistent risk management policies and processes.

## 3 Governance Enhancement and Risk Prevention (Continued)

### Internal Audit

In order to perform effective independent audits on the business activities of Shengjing Bank and improve the quality and standardisation of audits, it promulgated the Internal Audit Charter of Shengjing Bank Co., Ltd. (Revision), the Measures for Administration of On-site Audits of Shengjing Bank Co., Ltd. (Trial), and the Measures for Administration of Accountability Audits of Shengjing Bank Co., Ltd. (Revision). It also formulated the Measures for Administration of Auditor Behaviours of Shengjing Bank Co., Ltd. (Trial) to regulate auditors.

The Bank continued to promote internal audit management and enhance the independent vertical internal audit system, so as to ensure independent, objective, and coordinated implementation of internal audits and increase the independence and effectiveness of internal audits. Internal audits were carried out to promote effective implementation of relevant Chinese economic and financial laws, regulations and rules across the Bank, drive the Bank to introduce and improve effective risk management, internal control and compliance, and corporate governance structure, and urge auditees to fulfil their duties and contribute to the Bank's strategic objectives. Internal audits were independent of the business management, risk management, and internal control and compliance functions, and aimed to assess the effectiveness of these functions. The Bank's Board of Directors is responsible for establishing and maintaining an independent vertical internal audit system. The Board of Directors had an Audit Committee, and the Audit Department was responsible to and reported to both the Board of Directors and the Audit Committee. Meanwhile, they were subject to the instruction, review and appraisal of the Board of Directors and its Audit Committee, the supervision of the Board of Supervisors, and the supervision and appraisal of external regulators.

### Employee Behaviour Standardisation

In order to regulate employee behaviours and enhance internal management, the Bank developed a staff handbook, the Shengjing Bank Employee Code of Conduct (Trial), the Shengjing Bank Prohibited Employee Behaviours (Trial), the Measures for Administration of Identification of Unexpected Business Practitioner Behaviours of Shengjing Bank, and other policies, offering detailed rules on employees daily conduct and professional behaviour. This created a long-term mechanism to help employees with self-discipline during daily business activities.

### Anti-Corruption Policy

Shengjing Bank's Party Committee attaches great importance to improving Party conduct and moral integrity and battling corruption. Following President Xi Jinping's thought on socialism with Chinese characteristics in the new era, the Party Committee fully shouldered the major responsibility for Party conduct and moral integrity as well as strict Party self-governance, focused on the prevention of key issues such as bribery, extortion, and fraud based on the actual situations of financial enterprises of mixed ownership listed overseas, and comprehensively drove strict Party and bank governance to facilitate business operation, so as to establish a Party conduct and moral integrity management system and make work arrangements led by the Party Committee, coordinated by the Discipline Inspection Committee, and jointly implemented by the departments and branches. The Party Committee seriously promoted and abided by China's laws, regulations, and financial policies, advocated the business philosophy of "taking compliance as the key foundation of the Bank", exhausted efforts to drive anti-corruption propaganda and warning education, and persistently reinforced work ethics and self-discipline, so as to strongly crack down the "four forms of decadence", effectively prevent bribery, extortion, fraud, and other delinquent behaviours, and actively build a clean and healthy environment, offering a firm ground for Shengjing Bank's vision to build a sound bank.

### 3 Governance Enhancement and Risk Prevention (Continued)

#### Preventive Measures

##### Conducted thorough check of abnormal employee behaviours

As required by regulators, it thoroughly checked all its branches and staff on a regular basis for abnormal employee behaviours, market interruption behaviours, gang activity clues, and illegal financial activities, and adopted a zero-tolerance attitude to fully detect and prevent unlawful acts such as illegal fundraising, illegal lending, and financial fraud. These strict regulation and supervision measures applied to the professional acts of business practitioners, so as to fully prevent ethical and other risks.

##### Strengthened warning education cases

Based on its actual business conditions and staff mindsets, the Bank carried out warning education targeting all its business practitioners with violation cases that involved people or events familiar to them. The practitioners have learned lessons well from the cases and stayed alerted.

#### Whistle-blowing Procedures and Channels

In order to fight against various violations of law and discipline and protect the Bank and its employees' legitimate rights and interests, the Supervision Office of the Head Office set up "whistle-blowing channel bulletin boards" at the Head Office and the business premises of all branches to inform people of the hotline, email address, and Head Office postal address for whistle-blowing.

#### Implementation and Supervision Policies

The Bank formulated the Measures for Administration of Disciplinary Inspection and Supervision for Shengjing Bank to further enhance inspection and supervision system management and improve the investigation and review mechanism, the Measures for Administration of Identification of Unexpected Business Practitioner Behaviours of Shengjing Bank to regulate the behaviours of business practitioners, and the Detailed Punishment Rules of Shengjing Bank for Accountability to manage accountability. In this way, the Bank gradually formed its accountability management system.

In 2020, the Bank arranged a total of 5 anti-corruption training sessions for employees. The training further kept them alert of and away from corruption, and encouraged them to pursue diligence, integrity, compliance, and accountability. During the reporting period, the Bank was not found engaged in any corruption litigation cases.

### 3 Governance Enhancement and Risk Prevention (Continued)

#### Anti-Money Laundering Management

The Bank followed the “risk-oriented” AML philosophy, strictly complied with China’s AML laws, regulations, and regulatory requirements, solidly performed its statutory duties and social responsibilities concerning AML, and proactively built an money laundering risk management culture to raise all employees’ awareness of money laundering risk management and create an AML-oriented working atmosphere of proactive management and compliant operation. The Bank continuously optimised its AML monitoring system, improved suspected transactions monitoring indicators, strictly enforced policies on identifying clients and keeping records of client identities and transactions, complied with the AML work confidentiality principle, and enhanced management of the watch list for AML and counter-terrorist financing (CTF). It also took other measures such as regularly performing AML performance inspection and appraisal, intensifying special AML training, and adding value to suspected transactions reports, thereby improving AML and CTF management capabilities. In addition, the Bank actively undertook its AML-related social responsibility, carried out bank-wide AML propagation, advanced combats against mafia-like activities, further raised the public awareness of AML, and stepped up prevention and reduction of AML risks, so as to create a social atmosphere favourable to AML with the public.



In August 2020, the Bank organised a variety of AML propagation campaigns. During the campaigns, it combined conventional and innovative media such as WeChat public accounts and short video clips to reach a greater variety of audiences through more diversified channels for better results. As many as 3,769 employees of the Bank participated in the campaigns to hand out a total of 38,000 copies of publications, over 8,000 enquiries were answered, over 700 businesses were visited, 6 large activities were organised, and 5 special promotional activities were organised, which covered up to 50,000 audiences. These effective propaganda measures further raised the public’s awareness of the danger of money laundering and terrorist financing, effectively enhanced their capability to identify money laundering activities, and built a favourable social environment to battle money laundering with joint efforts.

#### Intellectual Property Protection

The Bank carried out intellectual property-related work in accordance with national laws and regulations such as the Patent Law of the People’s Republic of China, Trademark Law of the People’s Republic of China and Copyright Law of the People’s Republic of China, employed intellectual property rights to support and protect business operations, improved the intellectual property rights management system, and enhanced the Bank’s core competitiveness. In order to prevent infringements of intelligent property rights, the Bank issued legal opinions about enhancing intellectual property protection, notices on regulating authorisation of use of fonts for publications, etc., and performed inspection before external propaganda. While endeavouring to do a good job of applying for, managing and protecting its own intellectual property rights, the Bank respected the legal rights of others and guarded against the risk of infringing others’ intellectual property rights.

## 4 Serve the Economy to Improve People's Livelihood

### 4.1 FACILITATING REGIONAL ECONOMIC DEVELOPMENT

Headquartered in Northeast China, Shengjing Bank boasts strong competitiveness and positions itself as a bank to "serve the local economy, medium and small enterprises, and the public". It gives full play to the institutional and decision-making advantages of the Head Office and continues to increase credit support for the local economy. It makes relentless efforts to help with the construction of key industrial bases, the upgrading of traditional industries, and the development of strategic emerging industries by introducing a variety of financial products, simplifying the approval process, and improving service efficiency. By doing so, it has played an important role in promoting economic and social development in Northeast China, and has made important contributions to the revitalization and development of old industrial bases in Northeast China.



The Bank offered support to the development of enterprises critical to the region.

Following the major decisions and initiatives of the CPC committee and government of Liaoning Province, the Bank provided efficient and quality financial services to help the province improve infrastructure and complete important projects. In July 2020, it signed strategic partnership agreements in relation to a total of RMB39.8 billion line of credit with 9 business groups under the provincial government, fully playing its role as a critical financial institution to support the real economy. In this way, it helped the business groups stand out among the new efforts to rejuvenate Liaoning as an old industrial base.



The Bank effectively supported the growth of private enterprises.

It deeply concentrated on Liaoning and Shenyang with a commitment to facilitating the economic and social development in Liaoning, continued to step up support for the real economy of the province, and allocated considerable resources to the private sector. In its credit granting guidelines, the Bank has set out instructions on driving the growth of private enterprises. Based on the business characteristics and needs of private enterprises, the Bank proactively innovated products and services for a diversified financial business portfolio. It has completed the development of forfeiting products for letters of guarantee for payment, covering trading, engineering, leasing, and other scenarios. It has also launched medical insurance loan products, which took advantage of the medical insurance centre as a platform to offer online financing facilities to sellers.

## 4 Serve the Economy to Improve People's Livelihood (Continued)



The Bank continued to promote quality development in the real economy.

The Bank adhered to a targeting credit policy, persistently optimised financial resources allocation and portfolio management, adjusted the orientation and structure of financial support, properly defined financing maturity, increased the proportion of medium and long-term loans, prioritised reasonable financial needs of the real economy, closely tracked the future development orientation of existing clients, enhanced risk tracking and dynamic assessment, and rectified and supplemented risk mitigation measures such as pledge of valid assets, pledge of equity, and guarantee of non-affiliated enterprises. In this way, it effectively reduced systemic risks arising from industry risks and continued to optimise its credit asset structure. During the reporting period, the Bank carried out comprehensive strategic cooperation with a number of local enterprises in Shenyang in the fields of high-end manufacturing, energy engineering, and infrastructure construction.



### 4.2 SUPPORT THE INTEGRATION OF THE BEIJING-TIANJIN-HEBEI REGION

While developing the annual work plan, the Bank emphasized its strong support for the key national development strategies including the Belt and Road initiative, the Beijing-Tianjin-Hebei coordinated development plan, and the Yangtze River Economic Belt. It fully capitalised on its advantages of having branches in critical areas including Tianjin, Beijing, and Shanghai to increase the credit support for key projects through effective joint marketing by branches in and outside Liaoning Province. Taking the national strategy of the Beijing-Tianjin-Hebei coordinated development as its major marketing and expansion area, the Bank focused on meeting the needs for financial services arising in the course of infrastructure construction, relocation of non-capital functions of Beijing, transfer of industrial resources, industrial restructuring and M&A, and ecological and environmental governance in Beijing, Tianjin and Hebei. Seizing the golden opportunities for the development and opening up of the Binhai New Area, and the establishment of a free trade zone and a national independent innovation demonstration zone, the Bank increased its support for business expansion in the Binhai New Area, focusing on high-quality customers engaged in biomedicine, new energy and modern services industries in the area. It strengthened communication and coordination with the management committees of the nine functional zones on the basis of mutual benefit to support the economic transformation of the Binhai New Area and development of competitive and distinctive industries. The Bank established a long-term mechanism for market-based operations with it to explore diverse modes of cooperation.

#### Case

In 2020, The Bank's Tianjin branch followed the overall plan that aimed to "stabilise growth, drive reform, adjust structure, improve livelihood, and prevent risk" to comprehensively improve its service quality and efficiency for the real economy and strongly support people's livelihood. It also increase credit support for the key local customers and projects in the aerospace, marine engineering equipment manufacturing, intelligent technology, biomedicine, new energy and new materials sectors. Meanwhile, it proactively offered more credit to medium and small enterprises as well as strategic emerging industries including energy conservation and environmental protection, high-end manufacturing, and livelihood and modern service sectors, thereby providing better services to enterprises engaging in the real economy.



## 4 Serve the Economy to Improve People's Livelihood (Continued)

### 4.3 SUPPORT SMALL AND MICRO BUSINESSES

Medium, small, and micro businesses have become an important part of China's economy. For Shengjing Bank, serving these businesses was a major means to facilitate the growth of the real economy. The Bank fully capitalised on the advantages of featured products and cooperation channels to expand its customer base of small and micro enterprises. While keeping risks under control, it improved the financial services for small and micro businesses and "agriculture, rural areas, and farmers", and preferentially supported high-quality small and micro businesses under the government's risk compensation funds, actively supported small and micro businesses from channels including large state-owned guarantee companies and insurance companies with cooperation agreements entered into between the headquarters, and further supported small and micro businesses in consumer services, health care, culture, education and other areas related to people's livelihood, and strengthened professional and centralised management for small and micro businesses to effectively manage risks and improve business results.

#### Case

A municipal engineering company in Shenyang engaged in municipal public works, landscaping projects, sewage treatment projects, bridge works and road works is a small and micro business customer of the Bank. The company has been a long-term partner of the government various provinces, cities, regions and prefectures. They need to raise construction funds for some projects. Given the number of projects undertaken through bidding, the company applied to the Bank for loans in order to ensure the smooth completion of all projects. In accordance with the Bank's strategy to customize its service for each customer, the relevant branch set up a special team. After conducting on-site investigations, the credit personnel designed a plan for the company's "procurement loans" that is very different from traditional security and guarantees. The procurement loan business offers loans based on the "Bid-winning Notice" or "Government Procurement Contract" provided by small and micro enterprises that have won the bid, or other documents that can prove the procurement transaction approved by the relevant government departments; and the loans are repaid with fiscal funds as the main source of payment. The company accepted the plan after listening to the detailed explanation and analysis by the Bank's credit personnel. The company is located far away from the urban area of Shenyang. However, given the Bank's implementation of an efficient processing policy for its Head Office, branches and sub-branches, the loan application documents were swiftly reviewed using optimised and simplified processes. This policy greatly reduced the number of trips between the Bank and the company, which not only saved time for the customer but also achieved the Bank's objective of serving the real economy.



## 4 Serve the Economy to Improve People's Livelihood (Continued)

### 4.4 ENHANCE THE DEVELOPMENT OF “AGRICULTURE, RURAL AREAS, AND FARMERS” (AGRIBUSINESSES)

The Bank has adopted preferential credit support policies for agribusinesses to do its utmost to promote economic development at county level and rural economic development. Priority was given to satisfying agribusinesses' need for credit to fully support industrial structural adjustment in rural areas and promote entrepreneurship and increase income among farmers. The Bank provided specific loans, preferential policies and favourable interest rates to the utmost extent for agriculture-related loans for rural infrastructure construction and increase income, small and medium-sized businesses and technological innovation. In order to effectively optimise the credit granting process and improve efficiency in approving agriculture-related loans, the Bank innovated the loan model taking into account the characteristics of agriculture-related loans, optimised the credit process and the service mechanism for supporting agriculture. The Bank has opened up green channels. In line with the concept of “customer first, high-quality services, good operation and management optimisation”, the Bank, with a view to improving efficiency, optimised the approval process and implemented “one-stop standardised” service process to accommodate agriculture-related loans, most of which had the characteristics of “small, frequent, urgent and fast”. While keeping risks under control, the Bank streamlined the approval procedures to improve efficiency and ensure that loans are issued in a timely manner.

#### Case

Shenyang Shenbei Fumin Rural Bank decided on the business strategy of “adhering to the original mission and supporting agriculture and small businesses”. Accordingly, it offered a greater proportion of credit to “agriculture, rural areas, and farmers”, dispatched a credit investigation team to rural areas to understand their needs, and promulgated the Measures for Administration of Due Diligence Exemption for Loans to Small and micro Businesses, thereby mobilising account managers to serve such customers. Meanwhile, the Bank proactively innovated credit products to offer loans pledged with large agricultural machinery, subsidiary agricultural product orders, government procurement orders, or rural land management rights, and formulated relevant administrative measures and business procedures.



### 4.5 PROMOTE THE DEVELOPMENT OF LIVELIHOOD-RELATED FINANCIAL SERVICES



Missioned to serve the local economy, Shengjing Bank positioned itself as “a bank for residents” and provided services covering the social insurance, housing fund, and housing maintenance fund. To bring convenience to the public, it developed multiple online and offline channels to help collect six types of service fees, including the tap water fee, power fee, natural gas fee, heating fee, property management fee, traffic penalty. It also offered consumer loans, investment and wealth management services, and other services accessible to the public to comprehensively facilitate their lives. In order to contribute to the steady recovery of the local economy and boost cultural consumption in 2020, Shengjing Bank diligently implemented Shenyang's favourable cultural consumption policy by launching the “improving livelihood and driving consumption” campaign. During the campaign, it delivered “Shengjing Bank Consumption Coupons” worth RMB3 million to the residents as a move to improve the public welfare and drive rejuvenation of Liaoning and Shenyang.

## 5 Green Development and Environmental Protection

### 5.1 OFFER GREEN CREDIT

With significant attention to green credit management, the Bank continuously improved the long-term green credit development mechanism, systematically drove the establishment of the green credit system, gradually increased the capability to deliver green financial services, effectively promoted coordinated development of the economy, society, resources, and environment, and endeavoured to enhance our competitiveness and business operation expertise for development model transition. As at 31 December 2020, the Bank's green credit loan balance totalled RMB7.513 billion.

#### Built a long-term green credit mechanism.

We closely followed the national industrial, monetary and environmental policies, and promoted communication with local government, environmental authorities and regulators to gain a deeper understanding of enterprises' latest business philosophy and operation status for making prudent and systematic credit decisions. In the Guiding Opinions on Company Business formulated and issued each year, the Bank made a bank-wide deployment and arrangement for green credit business. In this way, the green credit business was managed more systematically and effectively, as the direction for development was clearly set out and the credit structure further optimised. With improved services and transformed model of development, a long-term green credit mechanism was being constructed.

#### Insisted on a differentiated credit granting strategy.

One of the macroeconomic policies in the national development plan was to increase the support for environmental protection industries such as clean energies and energy-saving equipment, so the Bank actively increased reasonable credit support for energy-saving & emission-reduction projects, especially projects included in the Promotion Catalogue of National Key Energy-Saving Technology, energy-saving & emission-reduction projects, pollutants source control projects, and energy-saving & emission-reduction enterprises with high market benefit and strong self-dependent innovation capabilities. On the other hand, we strictly controlled credit support for overcapacity industries with high risk exposures, such as steel trade chain, photovoltaic and ships.

#### Strengthened the compliance review of potential credit customers.

We ensured the compliance, validity and integrity of the documents submitted and procedures completed taking into account the customers' industries and that customers have treated risks seriously and implemented effective and dynamic controls to meet the substantive compliance requirements. We made sure that there were reasonable terms of reference and procedures for credit approval in line with the nature and severity of environmental and social risks faced by the customers. No credit was granted to customers that were non-compliant with environmental and social standards.

## 5 Green Development and Environmental Protection (Continued)

### Established targeted post-credit management measures.

We established and implemented post-credit management measures targeting customers with significant potential environmental and social risks. We closely followed the impact of national policies on customers' operating status and improved our dynamic analysis. We had a robust internal reporting and accountability system for customers' material environmental and social risks. We took timely measures to effectively mitigate risks when there were significant environmental and social risk events concerning customers.

### Enhanced green credit performance appraisal.

In view of the Bank's needs for business development and stronger green credit management, we refined the Measures of Shengjing Bank for Green Credit Performance Appraisal (the "Measures"). The Measures include the granting and management of green credit, environmental and social risks, the Bank's own social performance, information disclosure and social supervision. Branches were required to increase credit support for green, low-carbon and circular economy. The increase in RMB green loan balance and customers should be no less than that in RMB loan balance and customers.

## 5.2 PROMOTE GREEN SERVICES

The Bank has actively promoted innovation in e-banking business. In 2020, the Bank continuously upgraded functions and improved procedures for its mobile banking and online banking services, launched Huawei Pay, Samsung Pay, and other payment functions, and enabled bundling of its debit and credit cards on Huawei and Samsung mobile phones for making quick payments, which further expanded mobile payment capabilities and enhanced customer experience of mobile applications. In the whole year, more than 379 service functions were optimised, and the number of e-banking clients increased by 1,459,200 representing a 18.12% year-on-year increase.

The Bank has actively promoted the building of intelligent outlets by deploying intelligent counters, high-speed CRSs, interactive desktop devices, and other innovative intelligent devices. These devices offer convenience services such as quick card generation, e-banking service subscription, bank card activation, bank statement printing, and deposit and withdrawal of large amounts of cash, further enhancing the self-service capabilities, making business outlets smarter, and optimising services at customer service outlets for better customer experiences. In addition, the Bank has strengthened the construction of 24-hour self-service outlets and clarified criteria on device configuration, operation management, and brand image building accordingly to improve the self-service devices and strengthen the brand image of the Bank.

## 5 Green Development and Environmental Protection (Continued)



### Self-service Banking

Shengjing Bank accelerated the construction of intelligent business outlets to create a proper fintech service system, with a focus on the application of intelligent facilities such as intelligent counters, remote video banking, and high-speed cash recycling systems (CRS). We also drove system function iteration to upgrade various personal business functions intended for financial and non-financial services, and to improve self-service device features and customer experience. As at 31 December 2020, the Bank had 1,750 self-service devices (including CRSs, enquiry and payment machines, portable card issuing machines, VTMs, intelligent counters, high-speed CRSs, interactive desktop devices, etc.)



### Personal online banking

Considering different customer groups' demand for diversified services in terms of payment limits and authentication modes, we continued to optimise our online banking functions and service experience, ensuring convenient and secure online services for customers.

As at 31 December 2020,  
the cumulative number of online  
personal banking customers reached

**655,000**

the number of online personal banking  
transactions was

**733,400**

representing a year-on-year increase  
of

↑ **12%**

the amount of transactions totalled

**RMB71.98** billion



### Corporate online banking

To provide better services to corporate customers, the Bank comprehensively upgraded customer service experience, and launched the new version 4.0 of corporate online banking in 2020, where 13 functional modules were developed, 28 processes optimised and 1,092 functional points provided. This diversified online products and functions, enhanced the Bank's fintech capabilities and turned a new page in the Bank's digital transformation.

As at 31 December 2020,  
the cumulative number of online  
corporate banking customers reached

**41,800**

the number of online corporate  
banking transactions was

**2,082,800**

representing a year-on-year increase of

↑ **31%**

the amount of transactions totalled

**RMB2,107.39** billion

## 5 Green Development and Environmental Protection (Continued)



### Mobile Banking

Closely centering around the customer experience, Shengjing Bank accelerated the upgrade and iteration of mobile banking, focused on visual effects and business functions, and continuously improved mobile banking service capabilities to increase the number of active users. We provided both normal and premium versions of mobile banking to offer differentiated services. Customised services such as payroll services and new wealth management customers were included to achieve precision marketing targeting different customer groups.

As at 31 December 2020,

the number of the mobile banking customers amounted to

**2,747,100**

in 2020, the accumulated transaction amount reached

**RMB350.439** billion

representing a year-on-year increase of

↑ **643%**

number of transactions was

**12,791,000**

representing a year-on-year increase of

↑ **149%**



### WeChat Banking

The Bank has actively enriched the functions of WeChat banking and provided users with services such as account information notification, account inquiry, housing fund inquiry, ETC manager, information inquiry on latest wealth management products, daily life service payment, search of outlets and attendant service, diversifying customer service channels and satisfying the demands of customers for convenient inquiry, fast payment, etc. The Bank has delivered product information to users and carried out financial knowledge promotional campaign through WeChat to expand marketing channels so that customers can understand latest product information in a timely manner, increase the way and frequency for customers to understand investment and wealth management, rights protection, risk prevention and other financial knowledge, guide customers to safely and reasonably use banking products and services and increase customer awareness and capability to protect their own property and information security.

As at 31 December 2020,

the number of WeChat banking customers of the Bank reached

**795,200**

an increase of 34.69% from the beginning of the year.

↑ **34.69%**

## 5 Green Development and Environmental Protection (Continued)

### 5.3 ADVOCATE GREEN OPERATION

The Bank regards the protection of environment and resources as our important responsibility. Therefore, we strictly abide by Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution, Environmental Protection Law of the People's Republic of China, Energy Conservation Law of the People's Republic of China, Water Law of the People's Republic of China, and other relevant laws and regulations.

To further improve the level of energy management and promote the concept of green office, the Bank emphasised on the promotion of environmental protection, established rules and policies including the Management Measure of Shengjing Bank for Green Offices and the Implementation Regulations of Shengjing Bank for Energy Conservation in Offices, carried out propagation and education activities in various forms and communicated the documents from the government, CBIRC, and the Head Office regarding energy saving and emissions reduction to relevant parties. The Bank vigorously promoted the construction of office automation systems and remote video conferencing systems, actively promoted paperless office and raised employees' awareness of energy conservation to facilitate the recycling of resources and reduce resource consumption.

The Bank continued to enhance its environmental and social performance, promoted green operations, and strived to integrate the concept of environmentally-friendly, energy-saving and low-carbon sustainable development into its daily operations. The Bank is committed to improving the use efficiency of energy, water resources and materials, reducing natural resource consumption in accordance with national and local laws and regulations related to its business, contributing to environmental protection and ensuring the effective implementation of energy conservation.

Energy consumption and greenhouse gas emission by the Bank in 2020

Type	Unit	2020
Head office power consumption	10,000 kWh	315.6
Head office water consumption	Ton	55,979
Head office oil consumption*	L	71,713
Head office natural gas consumption	M <sup>3</sup>	22,355
Head office greenhouse gas emission	Ton carbon dioxide equivalent	2,655.85
–Direct greenhouse gas emission**	Ton carbon dioxide equivalent	203.95
–Indirect greenhouse gas emission**	Ton carbon dioxide equivalent	2,451.90

\* Including oil consumption by outlets' armoured trucks the Bank's in Shenyang.

\*\* Including greenhouse gas emission resulting from natural gas consumption and oil consumption

\*\* Including greenhouse gas emission resulting from power consumption and municipal heating supply

The Bank continued to engage professional garbage recycling and transporting companies to practice garbage sorting and recycling, thereby minimising the volume of non-hazardous waste, which mainly included domestic waste generated in the office. During the reporting period, the Head Office generated a total of 170 tonnes of domestic waste or 0.18 ton per person<sup>1</sup>. As a non-manufacturing enterprise that did not make extensive pollution or emission, the Bank generated no obviously hazardous waste, and has recycled the waste harmful to the environment, such as batteries and light bulbs, through garbage recycling companies for proper treatment.

During the reporting period, no major climate issue that impacted or may impact the Bank's business operation was identified.

<sup>1</sup> During the reporting period, the Head Office had a total of 944 employees.

## 5 Green Development and Environmental Protection (Continued)

### Measures of Energy Saving and Emissions Reduction

In response to the call of the country to “build a resource-saving, environmentally-friendly and harmonious society”, the Bank has actively promoted green offices, pushed the implementation of energy conservation and increased the use efficiency and economic benefits of energy. Closely focusing on “energy conservation, emissions reduction, and scientific development”, the Bank adopted various methods to implement energy conservation and emissions reduction in daily management based on local conditions, which involved every employee. The methods are as follows:



#### Reducing power consumption

Electrical appliances such as air conditioners and lights as well as office equipment such as computers and printers were turned off when not being used. Power supplies were cut after duty hours. Lifts were not used on the first three floors of its buildings.



#### Reducing water consumption

Shengjing bank strengthened the routine maintenance of water equipment, and conducted regular inspections and repairs to avoid wasting water resources. The Bank adopted a number of water-conservation measures and saved approximately 15,987 tonnes of water consumed by the Head Office compared with the previous year. The Bank had no problems accessing water sources.



#### Reducing office supplies consumption

The Bank strictly managed requests for and use of office supplies, promoted online officing, reduced the generation of paper documents, and required two-sided printing.



#### Reducing oil consumption of vehicles

It solidified the achievement of vehicle usage reform, conducted regular vehicle maintenance, and properly performed vehicle scheduling to effectively control oil consumption.



#### Promoting a green data centre

The Bank continued to use virtual servers to replace physical servers, saving procurement, power and cooling costs and reducing demands for energy and cooling. As at the end of 2020, Shengjing Bank's data centre had 3,060 virtual servers, reducing procurement costs by RMB81 million, cutting operation and maintenance costs by more than RMB185.74 million, saving 27.5 million kWh electricity and reducing the emission of over 21,600 tonnes of carbon dioxide.

### Disposal of Wastes



Recycling and reusing equipment. Recycling and reusing replaced terminal devices. In 2020, 236 units of equipment were recycled (including 39 terminals, 146 passbook printers, 25 needle printers, 23 gold card keyboards, and 3 network devices).



Centralised disposal of newspaper, magazine, and books to prevent waste of resources.



Proper handling of hazardous waste by recycling companies to avoid pollution.



Unified Recycling and reuse of updated electronic office devices for better resource utilisation.



## 5 Green Development and Environmental Protection (Continued)

### Supplier management

Shengjing Bank formulated the centralised procurement management policy which features bank-wide centralised management, two-level authorisation, and supervision for checks and balances. The Bank selected industry-leading suppliers based on project characteristics, and comprehensively considered their corporate social responsibility performance based on the principle of open, transparent and fair competition. We mainly considered whether the suppliers were capable of independently assuming civil liabilities; whether they had sound business reputation and well-established financial accounting systems; whether they possessed the equipment and expertise to implement contracts; whether they boasted positive records on paying taxes and social security funds in accordance with laws; and whether they had ever seriously violated laws, or had ever been subject to a large amount of fine, or other administrative penalties in the course of business operations.

Create a supplier database to bring in high-quality suppliers, and maintain and optimise the existing supplier structure

Recruit suppliers through public channels based on procurement needs and market condition, so that more suppliers with branding and business capabilities are included in our database

#### Supplier management

A tiered approval and collective review mechanism was established to review the eligibility of suppliers to be included in the database, site visits may be arranged to assess the suppliers' qualification and competency when necessary

In accordance with the Measures of Shengjing Bank on Procurement Management (version 1.0, 2020) and the Implementation Rules of Shengjing Bank on Tendering and Bidding (version 1.0, 2020), the implementation of the procurement mechanism and the performance of departments involved was supervised by the Audit Department and Monitoring Department

As at the end of 2020, the Bank had conducted a total of 52 procurement projects, including 33 bidding projects and 19 non-bidding projects.

To implement the green procurement policy more effectively, the Bank encouraged suppliers to include environmental protection and energy saving requirements into their management system, and selected suppliers that have obtained environmental management system certification and products with environmental labels as a priority to demonstrate the Bank's support for responsible procurement and provide an incentive for suppliers to improve their performance in environmental protection. The Bank insisted and adhered to green procurement principles and selected energy-saving and environmentally friendly products as a priority when procuring IT equipment.

As at the end of 2020, there were 74 IT services suppliers:

Number of suppliers by geographical region	Northeast China	24
	North China	27
	East China	14
	South China	8
	Southwest China	1
Total		74

## 6 Reciprocate the Society and Achieve a Harmonious and Win-win Result

### 6.1 IMPROVE SERVICE QUALITY

Shengjing Bank improved service capabilities, management capabilities, and brand competitiveness by establishing a bank-wide grand service system to maximise service quality. According to service management requirements, the Bank carried out service inspections that covered internal and external environments, convenience facilities, and service quality of business outlets, so as to improve the service quality and efficiency and create a pleasant service environment.

It also set up a client service reservation system to reduce the waiting time for clients, and specially enhanced the caring services for clients with difficulties or disabilities by offering green channels, simplifying service procedures, and providing door-to-door services. The Bank continued to polish services in the halls of business outlets. It employed reasonable approaches to distribute traffic and increase the use rate of self-service devices, with an aim to reduce the pressure of service counters and client waiting time.

#### Innovated products for better service experience



The Bank continuously improved the “e-Loan” consumer credit product, its customer groups being our payroll customers, provident fund customers, existing premium customers, and existing housing mortgage customers. This product can be applied through online self-service channels, QR code and mobile banking. Credit facility is granted instantly and available for repeated use after approval for once; interest is accrued on a daily basis, loans can be extended and repaid any time, or the interest can be repaid on a monthly basis, and the principal repaid when due. This product provided great convenience to our premium customers in applying for consumer credit facilities and improved customer experience.

#### Delivered services with good manners

To achieve the Bank's strategic vision of “building a sound bank”, we organised events, such as electing the Customer Service Star with the “Warmest Smile” at Shengjing Bank, “Big Events in Beijing” WeChat public account promotion, and Microvideo Competition on Shengjing Bank's Microservices in 2020. The success of the aforesaid events incentivised our customer service staff and promoted healthy service quality competition among staff members.



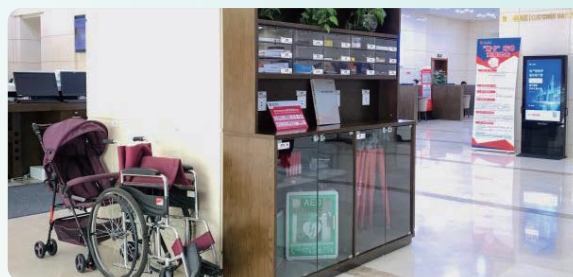
## 6 Reciprocate the Society and Achieve a Harmonious and Win-win Result (Continued)

### User-friendly Facilities in the Outlets

The Bank has been continuously improving service procedures and standards, and building a sound mechanism for constructing barrier-free facilities. To step up the construction and renovation of user-friendly and barrier-free facilities at outlets, we take the actual needs of special customer groups, including those senior in age, weak, ill, pregnant or with a disability, into consideration when making the general plan of outlet construction, so as to fulfil our social responsibility and facilitate to provide quality, convenient and user-friendly financial services to customer groups with special needs. Customers with visual impairment are allowed to bring their working guide dogs which have been registered, certificated with identification marks into the outlets so as to fulfil our social responsibility.

#### Convenience Service Zone

Each outlet is equipped with cash bag, carbon paper, reading glasses, tissues, tape, sticky notes, calculators and first-aid kits. Some outlets have child seats, charging equipment for phones, and other facilities to provide our customers with convenience and better user experience.



#### Priority Zone

The Bank has priority seats and water fountains at outlets to serve as a pleasant rest place for non-business personnel such as sanitation workers.



#### Public Education Zone

We provided TV broadcast in a loop to promote the knowledge on consumer rights and interests, and updated promotional paper leaflets from time to time, and promoted knowledge to raise consumers' self-protection awareness.



## 6 Reciprocate the Society and Achieve a Harmonious and Win-win Result (Continued)

### 6.2 SAFEGUARD CUSTOMERS' RIGHTS AND INTERESTS

The Bank formulated rules and policies, including Basic Requirements of Shengjing Bank on Protecting Customers' Rights and Interests (Version 1.0, 2020), Responsibility System of Shengjing Bank for Protecting Customers' Rights and Interests (Version 1.0, 2020), and Administrative Measures of Shengjing Bank for Handling Customer Complaints (Version 1.0, 2020). The Bank also established a quick complaint handling procedure, which enables customers to make complaints via phones, emails, comments books and other methods. The Bank continuously improves its ability to monitor, analyse, understand and handle customer complaints. In 2020, it handled 2,870 customer complaints, which have been 100% completed, in order to safeguard customers' rights. In addition, the Bank enhanced the protection of consumers' financial information by including consumers' basic information, property information, account information, credit information and financial transaction information into the protection scope, and strengthened management and control of collection, preservation, delivery and retrieval of the information with IT system, business process, and operation policies. Through education, the Bank also raised our staff's awareness of risks and confidentiality to ensure that they would comply with confidentiality policies and honour confidentiality commitments.

The Bank fulfilled its social responsibility and strived to build a harmonious society by proactively carrying out campaigns to propagate financial knowledge. Shengjing Bank develops annual plans for financial knowledge propagation and education campaigns to raise financial consumers' awareness and capability of risk prevention for the protection of their legal rights and interests through online and offline propagation and education activities, such as the Financial Consumer Rights Day, the education activities on consumers' rights protection, the activities in the month of caring for special customer groups and micro-class activities for propagating financial knowledge.

 During the year, we participated in  
**1,770** public education activities,  
which involved  
**11,926** volunteers,  
**1,395,000** audiences,  
and  
**2,488,500** SMS.

#### One-month Campaign for Protecting Customers' Rights and Interests

To continuously promote consumer education and financial knowledge propagation, Shengjing Bank launched the one-month activity for promoting consumers' rights protection themed "propagating financial knowledge and protecting consumers' rights" from 1 May to 30 May 2020. The self-initiated bank-wide one-month activity aimed to reinforce the propagation of skills on telecom fraud prevention in response to the needs of the public during the pandemic. The activity propagated basic financial knowledge that can be applied in people's daily life, effectively protected and prevented them from unlawful financial activities and enhanced financial consumers' risk identification and self-protection capability.



## 6 Reciprocate the Society and Achieve a Harmonious and Win-win Result (Continued)

### Campaign for Spreading Financial Knowledge

To enhance financial consumers' risk identification and prevention capability, the Bank launched the Campaign for Spreading Financial Knowledge themed "work together to make financial consumption friendlier" from 1 June to 30 June 2020 to focus on online financial knowledge propagation and education activities, such as "the favourite lecturer on financial knowledge" elected by customers, micro-class activities for propagating financial knowledge and creative production of online educational materials on financial knowledge. The campaign highlighted financial knowledge propagation, the Bank effectively raised our employees' awareness of consumer protection and created a sound atmosphere that encouraged the public to learn, understand, and use finance.



### One-month Campaign for Financial Knowledge Propagation to "Deliver Financial Knowledge to Thousands of Families"

In order to encourage financial services consumers and investors to make rational choice of suitable financial products and services, Shengjing Bank organised its branches to launch the campaign for "Delivering Financial Knowledge to Thousands of Families and Encouraging Rational Investment and Proper Online Financial Services Usage" from 1 October to 16 October 2020, with an aim to propagate financial knowledge, enhance financial literacy, and jointly build a better life. Through creative production of online educational materials on financial knowledge, micro-class activities for propagating financial knowledge based on case study, visits to financial education demonstration base, financial knowledge propagation and education were promoted through both online and offline channels. These activities effectively broadened consumers' exposure to financial knowledge, encouraged consumers to make rational choice and proper use of financial products and services, and support them to become more finance-savvy.



## 6 Reciprocate the Society and Achieve a Harmonious and Win-win Result (Continued)

### 6.3 CONTRIBUTION TO STAFF'S DEVELOPMENT

As at 31 December 2020, the number of the Bank's employees classified by gender, type of employment, age group, region, new entrants and ethnic minorities are set out below:

Type		As at 31 December 2020		As at 31 December 2019	
		Number	Percentage	Number	Percentage
Total number of employees		7,556	100.00	6,219	100.00
By gender	Male	3,412	45.16	2,673	42.98
	Female	4,144	54.84	3,546	57.02
By type of employment	Contract-based employee	7,556	100.00	6,219	100.00
By age group	Below 30 (inclusive) years old	2,538	33.59	2,371	38.13
	From 31 to 40 (inclusive) years old	2,876	38.06	2,185	35.13
	From 41 to 50 (inclusive) years old	1,304	17.26	1,221	19.63
	Over 50 years old	838	11.09	442	7.11
By region	Within Liaoning province	6,262	82.87	5,013	80.61
	Outside Liaoning province	1,294	17.13	1,206	19.39
New entrants		1,464	19.38	924	14.86
Employees from ethnic minorities		710	9.40	616	9.91

## 6 Reciprocate the Society and Achieve a Harmonious and Win-win Result (Continued)

Employee turnover by gender, age group and geographical region as at 31 December 2020 is set out below:

Type		As at 31 December 2020		As at 31 December 2019	
		Number	Percentage	Number	Percentage
Total turnover of employees		243	3.22	152	2.44
By gender	Male	115	47.33	88	57.89
	Female	128	52.67	64	42.11
By age group	Below 30 (inclusive) years old	91	37.45	80	52.63
	From 31 to 40 (inclusive) years old	92	37.85	54	35.53
	From 41 to 50 (inclusive) years old	30	12.35	17	11.18
	Over 50 years old	30	12.35	1	0.66
By region	Within Liaoning province	135	55.56	84	55.26
	Outside Liaoning province	108	44.44	68	44.74

### Safeguard the rights and interests of employees

With respect to safeguarding the rights and interests of employees, the Bank has adopted contract management and entered into labour contracts with all employees. The Bank's remuneration and welfare management policy is designed in accordance with the requirements of the Regulatory Guidelines for the Stability of Remuneration in Commercial Banks issued by the CBRC. The Bank has paid employees' salaries in full on a timely basis, and taken out supplementary medical insurance and annuity insurance (supplementary pension insurance) for its employees in addition to making statutory contribution to five types of insurance and one housing fund. Such arrangements have improved the remuneration and welfare of our employees, and fully protected their rights and interests.

The Bank strictly adheres to the requirements of laws, rules and other regulatory documents during the recruitment management, we conduct comprehensive background checks against candidates, with a focus on the authenticity of the basic information provided to prevent recruiting child labour. We fully respect our employees' personal preference, and conduct regular and preventive investigations of possible forced labour to safeguard their freedom to work.

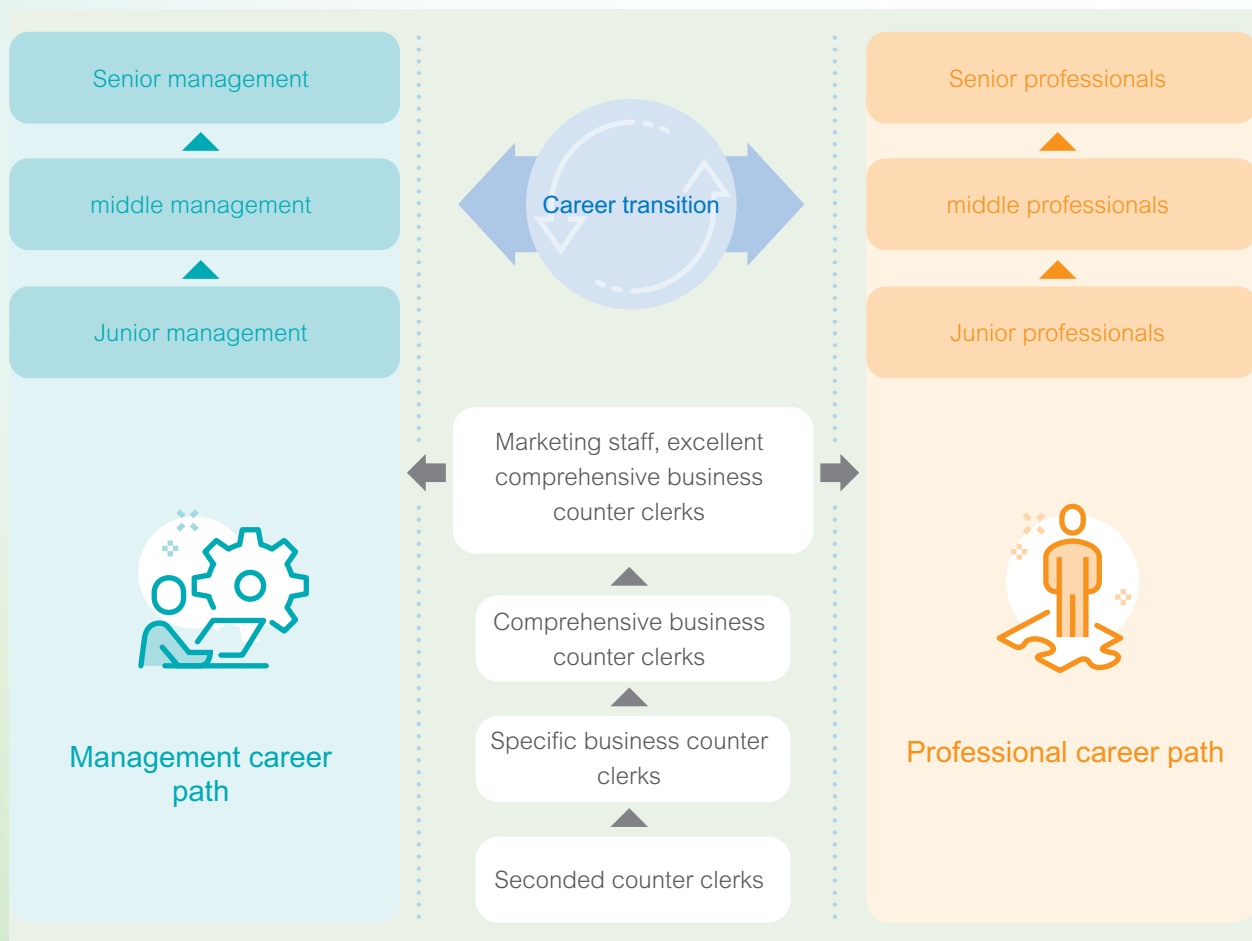
The Bank has formulated the Administrative Measures for Staff Recruitment of Shengjing Bank; the Implementation Rules for the Labour Contract System of Shengjing Bank; the Administrative Measures for Labour Employment of Shengjing Bank; the Administrative Measures for Staff Ranks of Shengjing Bank; the Administrative Measures for Wealth Management Account Managers of Shengjing Bank; the Administrative Measures for Account Managers of Shengjing Bank; the Attendance Management System of Shengjing Bank; the Measures for Leave Management of Shengjing Bank; the Measures for Remuneration Management of Shengjing Bank; the Enterprise Annuity Plan of Shengjing Bank; and the Supplementary Medical Insurance Plan of Shengjing Bank. These measures cover the specific operational rules of all aspects of employee management, such as recruitment, establishment of labour relations, payment of remuneration and welfare and promotion, and fully protect the basic rights and interests of our employees. During the reporting period, no employee of the Bank was injured or died due to work-related causes and there were no cases of child labour or forced labour within the Bank.

## 6 Reciprocate the Society and Achieve a Harmonious and Win-win Result (Continued)

### Career development:

With respect to career development, the Bank has built an extensive career development platform for staff, in replace of the single career development path of promotion via appointment with the management career path and professional career path, allowing employees to choose their career paths based on their strengths and characteristics in order to facilitate the growth of both the employees and the Bank. Moreover, the Bank has established a multi-dimensional appraisal mechanism to engage its employees by setting career development goals for employees, and improving their capabilities and professionalism. It enables the employees to fully understand the win-win relationship between their own growth and corporate development.

### Career planning



## 6 Reciprocate the Society and Achieve a Harmonious and Win-win Result (Continued)

### Value employee training

The Bank highly values employee training. It has adopted a mechanism to plan and manage training centrally and seek responsibilities and implementation by different levels, which ties closely with the Bank's needs for talents in business development and drives talent cultivation. The Bank invested many efforts to train part-time teachers, encouraged business backbones of all departments to demonstrate their strengths and perform business presentations and coaching based on their experiences. The Bank gradually trained its core employees through work practice and theoretical induction. It combined theory with practices to improve training quality by offering diversified training and introducing flexible job exchanges and rotations in order to enhance the effectiveness of training.

In 2020, the Bank steadily provided various training courses to its employees. These training courses effectively supported the Bank's business while raising the overall staff quality, and comprehensively improved the Bank's internal control and compliance levels. The training sessions cover business skills, management abilities, compliance, and corporate culture. These courses focus on solving practical problems, developing the Bank into a learning organisation, enhancing team building, and enlarging the pool of skilled people for the Bank's sustainable development. During the reporting period, the Bank delivered various training sessions, recording 620,000 person-time participation, which amounts to a 100% coverage of training headcounts.

Index	Unit	2020	2019
Proportion of male participants	Percentage	35	43
Proportion of female participants	Percentage	65	57
Proportion of participants who are middle and senior levels of operating and management personnel	Percentage	8	1
Proportion of participants who are junior operating and management personnel	Percentage	12	1
Proportion of participants who are ordinary employees	Percentage	80	86

Index	Unit	2020	2019
Average credit hours (male)	Hour	64	68
Average credit hours (female)	Hour	96	68
Average credit hours (middle and senior levels of operating and management personnel)	Hour	50	10
Average credit hours (junior operating and management personnel)	Hour	131	10
Average credit hours (ordinary employees)	Hour	82	86

## 6 Reciprocate the Society and Achieve a Harmonious and Win-win Result (Continued)

### Case:

Keeping the strategic vision of “building a sound bank” in mind, the Bank implements the fundamental “people-oriented” policy, and the “professional, pragmatic, collaborative and efficient” work style. From August to December 2020, the Retail Banking Department, the Wealth Management Department and the trade union at the Head Office jointly organised the 2020 Shengjing Bank Wealth Management Skills Contest which combines competition with training. The contest lasted for nearly 4 months, and all 470 wealth management account managers took part in it. The contest demonstrated the Bank’s achievements in accelerating the transformation of retail banking, increasing operating capabilities in retail banking, and building a strong team of retail account managers. It showcased the skills and experiences of our employee.



### Enriching the leisure life of the staff

The Bank has strived to create a good atmosphere for our employee, instil enthusiasm and spark the passion in them, improve group cohesion, and sense of achievement by adhering to the people-oriented policy. Through the organisation of a wide range of cultural and sports activities, and launching various employee care initiatives, our employees are able to devote themselves to work in a refreshed and revitalised state. These efforts have helped us achieve the strategic goal of “building a sound bank”.

## 6 Reciprocate the Society and Achieve a Harmonious and Win-win Result (Continued)

### Recreational and sports activities

The Bank has established over 50 associations of culture and sports, covering basketball, football, table tennis, badminton, swimming, chess and cards, cycling, dancing, calligraphy and photography, choir, reading and speech, yoga, etc. In 2020, the Bank organised more than 3,000 cultural or sporting activities, with over 30,000 of employee participants. This enriched their lives and made them feel honoured of being part of the team, which in turn ignited their passion for work.



### Employee care



#### Supporting employees who are in difficulties

The Head Office's trade union invested a total of RMB 255,000 to offer aid to more than 70 employees with financial difficulties.



#### Health checkups

The Collective Contract includes annual health checkups for employees, i.e. each employee is entitled to health checkup once a year.



#### Festival perks

In accordance with the trade union fund usage regulations, the Bank delivered benefits to employees on important festivals in the hope that they could feel the warmth of the festive seasons.



#### Birthday blessings

The Bank has been giving birthday cakes and sending birthday blessings to employees on their birthdays.

## 6 Reciprocate the Society and Achieve a Harmonious and Win-win Result (Continued)

### 6.4 COMMITMENT TO SOCIAL BENEFITS

The Bank actively participated in public welfare undertakings and organised various charity events. In 2020, the Bank donated a total of RMB5.04 million to charity organisations such as the Municipal Foundation for Disabled Persons, and the Municipal Foundation for Justice and Courage the Provincial and Municipal Public Security System. In 2020, the Bank was named an Excellent Financial Institution in Poverty Alleviation by Finance.china.com.cn.

In August 2020, in order to promote social righteousness, and encourage righteous and courageous behaviours, the Bank donated RMB240,000 to 8 national awardees of righteous and courageous behaviours, including the elderly Shan Yushan, and their families. Shengjing Bank has inherited the traditional virtues of the Chinese nation and fulfilled its social responsibilities. Its support for good deeds to help others in emergencies has been praised by people who helped others in emergencies.

#### Precision Poverty Alleviation

The Bank continued to implement the precision poverty alleviation policy of the Shenyang government and the municipal party committee, and carried out targeted poverty alleviation in Zhoutuozi Township, Xinmin City. In 2020, it spent RMB240,000 on 2 poverty alleviation projects, including 9 garbage stations and the heating renovation work for 8 poor households. The Bank's branches despatched the major secretary to station in Xinmin, Kangping and Liaozhong Villages to alleviate poverty in these villages by adjusting the industrial structure and solving poor household registration.



## 7 Special Topic: Combat the Pandemic

At the beginning of 2020, the sudden outbreak of COVID-19 severely impacted the China's economy and society. It is the responsibility of every enterprise to prevent and control the pandemic. Shengjing Bank responded and acted swiftly, by introducing and implementing a series of measures to fight the battle against the pandemic.

### Granted loans to pandemic-related industries

In view of the raging pandemic and the global shortage of medicines and anti-epidemic supplies, Shengjing Bank immediately set up a special credit team, and instructed all branches to take the initiative to contact medical institutions and pharmaceutical production and distribution companies. Our branches responded quickly to the financing needs of the companies involved in the anti-epidemic work, and adopted multiple measures to meet their funding needs for purchasing equipment, expanding production, supplying materials, and transportation and sales. In two weeks time, the Bank granted RMB5 billion of loans in total to these institutions and companies.

#### Case :

A pharmaceutical group in Liaoning province is a key secured enterprise in the province's fight against the pandemic. When the Bank learned that the group was expanding its production capacity to manufacture the much-needed drugs, the Bank's Shenyang branch immediately launched a full-process emergency mechanism and a robust collaboration mechanism to prioritise the allocation of credit funds for epidemic prevention and control. As a result, RMB100 million of loans were granted to the group in time to support the production of drugs.



### Provided emergency services to pandemic prevention units

The sooner emergency funds are granted, the earlier the safety net for pandemic prevention and control can be set up. The Bank has opened up a green channel for special business processing in a timely manner. We have acted according to the principle that extraordinary matters demand extraordinary measures, and arranged corporate customer counter staff to stand by 24 hours to promptly handle emergency cash withdrawal and fund transfer needs of departments involved in epidemic prevention and control. The Bank has made every effort to improve the emergency response speed of financial services.

#### Case :

During the Spring Festival, the Bank's Shenyang branch received a notice from the financial authority to urgently disburse emergency funds to support the epidemic prevention work. It immediately despatched branch staff to coordinate the related work and completed the emergency disbursements during the holidays. The Shenyang branch worked with financial institutions, medical institutions and public institutions at all levels to disburse funds totalling RMB2,101 million and withdraw RMB4.327 million in cash, which effectively ensuring that all emergency funds were in place as soon as possible.



## 7 Special Topic: Combat the Pandemic (Continued)

### Alleviated the repayment burden of small and medium-sized enterprises

Impacted by the pandemic, some companies with relatively weak risk tolerance level are facing problems such as shortage of funds and liquidity difficulties. To ensure the stable operation of the real economy, Shengjing Bank proactively provides financial services for distressed companies, and does not arbitrarily reduce, rescind or terminate loans to its customers. Moreover, it has taken various measures such as deferred repayment and flexible adjustment of repayment to effectively alleviate the pressure on companies' operations. The Bank has formulated precise assistance strategies to target companies that are heavily hit by the epidemic, such as those in the tourism, entertainment, accommodation, catering, and transportation industries, and customised the assistance plan for each corporate customer to help them survive the difficult times.

Case :



For small and micro enterprises whose loans have expired recently, Shengjing Bank investigates each case, talks to the customer via telephone or WeChat to learn more about its business status and the time of resumption of work. The Bank conducts the "loan renewal for outstanding principal" and "annually reviewed loan" business for small and micro enterprises that are unable to repay loans due to temporary financial difficulties. This business shortens the loan review process, improves the efficiency of loan approval, implements preferential interest rates, and reduces the burden on small and micro businesses.

### Provided financial services to personal customers

With an aim to ensure the stable operation of basic financial services, Shengjing Bank has promptly adjusted the business hours of its outlets during the epidemic prevention and control period in light of the circumstances of each branch, and adopted staggered operations to rationally arrange the number of outlets providing services and their business hours. To minimise unnecessary outings of citizens, Shengjing Bank has increased the response speed of online services, used WeChat public platform and Moments to promote various banking service channels to customers, and advocated "using online services at home" to protect customers' interests and health.

While ensuring uninterrupted financial services, Shengjing Bank puts the safety and health of customers and employees first by actively building a "protective net" at all outlets. The Bank requires all outlets to regularly disinfect the internal environment and all equipment and facilities on a daily basis; promptly meet the ventilation, disinfection and sterilisation requirements after the peak period of passenger flow; measure and record body temperature of on-duty employees, and require employees to wear masks and protective gloves at work; and require customers to measure body temperature, sanitise hands and shoes upon entry of the premises. These measures have been highly affirmed by the leaders of the regulatory authorities.

Being a highly responsible bank, we have continuously improved various financial measures during the pandemic, served the front line professionals, fulfilled our responsibilities with actions, and worked with all sectors to combat the pandemic.

## Prospect for 2021



In 2021, uncertainties surrounding the global economy and financial markets still remain, but in terms of China's economic growth, "the landscape here is beyond compare". First, with the official launch of the "14th Five-Year Plan", China will coordinate and promote efforts in consumption upgrading, infrastructure construction, industrial chain and supply chain modernisation and digital development to accelerate the establishment of a new development pattern in which domestic and foreign markets boost each other with the domestic market as the mainstay. This brings more room for the development of the banking industry. Second, the macro policy emphasising stability proposes that fiscal policy should improve quality and efficiency and be more sustainable, that monetary policy should be flexible,

precise, reasonable and appropriate, and that continuity, stability and sustainability should be maintained. Third, an upbeat development atmosphere is expected for the regional economy. With the steady implementation of a new round of revitalisation strategies for Northeast China, an improved regional business environment also brings new opportunities for the banking industry.

In 2021, the Bank will correctly understand and accurately grasp the new circumstances and characteristics of economic and financial development by building on the new development stage, implementing new development concepts and establishing a new development pattern. We will follow the trends in national industrial upgrading and economic restructuring, and actively integrate into national and regional development. Guided by the strategic vision of "building a sound bank" that highlights our development concepts, we strive to create operational advantages, strengthen risk management and accelerate technology enablement, with a view to continuously advancing the construction of systems, the cultivation of our corporate culture and the formation of professional teams. We also proactively fulfil our corporate social responsibility as a financial institution and aim to achieve a balanced development between our own benefits, quality and scale in the process of serving the development of the real economy and supporting the growth of micro, small and medium-sized enterprises.

# Independent Limited Assurance Report

To the Board of Directors of Shengjing Bank Co., Ltd.

We were engaged by the Board of Directors of Shengjing Bank Co., Ltd. ("the Bank") to provide limited assurance on the 2020 Environmental, Social and Governance Report of the Bank for the year ended 31 December 2020 ("the ESG Report").

## I. Responsibilities of the Board of Directors

The Board of Directors of the Bank is solely responsible for the preparation and presentation of the 2020 ESG Report, including the information and assertions contained within it, in accordance with the disclosure recommendations of The Stock Exchange of Hong Kong Limited's Guidelines for Environmental, Social and Governance Reporting ("SEHK's Guidelines").

The Board of Directors is also responsible for designing, implementing and maintaining internal control that enables the preparation and presentation of the ESG report that is free from material misstatement, whether due to fraud or error.

## II. Responsibilities of KPMG

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed.

We conducted our work in accordance with International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

We have complied with our independence and other relevant ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and complied with the applicable requirements of International Standard on Quality Control 1 to maintain a comprehensive system of quality control.

Our independent limited assurance report is made solely to the Bank in accordance with the terms of our engagement. Our work has been undertaken so that we might state to the Board of Directors of the Bank those matters we have been engaged to state in this independent limited assurance report and for no other purpose. We do not accept or assume responsibility to anyone other than the Bank for our work, for this independent limited assurance report, or for the conclusions we have reached.

## Independent Limited Assurance Report (Continued)

### III. Summary of work performed

A limited assurance engagement on an ESG report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the ESG report, and applying analytical and other procedures, as appropriate. Our procedures included:

- Inquiries of management to gain an understanding of the Bank's processes for determining the material issues for the Bank's key stakeholders;
- Interviews with management and relevant staff concerning sustainability development strategy and policies for material issues, and implementation of these across the business;
- Interviews with relevant staff at the Bank responsible for providing the information in the ESG Report;
- A media analysis and an internet search for references to the Bank during the reporting period;
- Inquiries about the design and implementation of the systems and methods used to collect and process the information reported, including the aggregation of data into information as presented in the ESG Report;
- Comparing the information presented in the ESG Report to corresponding information in the relevant underlying sources by limited testing to determine whether key information contained in such underlying sources has been included in the ESG Report;
- Reconcile key financial data and figures with the audited financial statements;
- Reading the information presented in the ESG Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of the Bank.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore, a lower level of assurance is provided. In addition, our work was not undertaken for the purpose of opining on the effectiveness of the Bank's systems and procedures.

### IV. Conclusions

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the ESG Report of the Bank is not prepared, in all material respects, in accordance with the SEHK's Guidelines.

KPMG Huazhen LLP

Beijing  
6 July, 2021

# ESG Indicator Index

Subject Areas and AspectsGeneral Disclosures		Disclosure Location	Disclosure Location	披露位置
A1 Emissions	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Pages 27–28	A1.1 The types of emissions and respective emissions data. Page 27 A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). Page 27 A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). N.A. A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). Page 27 A1.5 Description of measures to mitigate emissions and results achieved. Page 28 A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved. Page 28	
A2 Use of resources	Policies on the efficient use of resources, including energy, water and other raw materials.	Pages 27–28	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). Page 27 A2.2 Water consumption in total and intensity (e.g. per unit of production volume per facility). Page 27 A2.3 Description of energy use efficiency initiatives and results achieved. Pages 27–28 A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. Page 28 A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. N.A.	
A3 Environment and natural resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	Pages 23–28	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. Pages 23–28	
A4 Climate change	Policies on identifying and addressing major climate-related issues that have already had or may have an impact on the issuer.	Page 27	A4.1 Description of major climate-related issues that have already had or may have an impact on the issuer, and response actions	Page 27
B1 Employment	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Pages 34–35	B1.1 Total workforce by gender, employment type, age group and geographical region. Page 34 B1.2 Employee turnover rate by gender, age group and geographical region. Page 35	
B2 Health and safety	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Page 35	B2.1 Number and rate of work-related fatalities. Page 35 B2.2 Lost days due to work injury. Page 35 B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored. Page 35	
B3 Development and training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Pages 36–37	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management). Page 37 B3.2 The average training hours completed per employee by gender and employee category. Page 37	

## ESG Indicator Index (Continued)

Subject Areas and AspectsGeneral Disclosures		Disclosure Location	Disclosure Location		披露位置
B4 Labour standards	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Page 35	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Page 35
			B4.2	Description of steps taken to eliminate such practices when discovered.	N.A.
B5 Supply chain management	Policies on managing environmental and social risks of the supply chain.	Page 29	B5.1	Number of suppliers by geographical region.	Page 29
			B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Page 29
			B5.3	Description of practices relating to identifying environmental and social risks in each segment of the supply chain, and how they are implemented and monitored.	Page 29
			B5.4	Description of practices that promote the increased use of environmentally friendly products and services when choosing suppliers, and how they are implemented and monitored.	Page 29
B6 Product responsibility	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Pages 30–33	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N.A.
			B6.2	Number of products and service related complaints received and how they are dealt with.	Page 32
			B6.3	Description of practices relating to observing and protecting intellectual property rights.	Page 18
			B6.4	Description of quality assurance process and recall procedures.	N.A.
			B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Pages 32–33
B7 Anti-corruption	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Pages 16–18	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	N.A.
			B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Page 17
			B7.3	Description of anti-corruption training provided to directors and employees.	Page 17
B8 Community investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Pages 38–42	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Pages 38–42
			B8.2	Resources contributed (e.g. money or time) to the focus area.	Pages 38–42

# Feedback from Readers

## Feedback from readers

Thank you for reading the 2020 Environmental, Social and Governance Report of Shengjing Bank. With the aim of enhancing communication and exchanges with stakeholders and improving the Bank's capability for performing social responsibilities, we hope that you can evaluate this report and provide us with your valuable comments and suggestions. You can fill out the below feedback form and choose any of the following ways to send us your opinions.

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**1. Which kind of stakeholder are you:**

- |                                     |                                    |                                      |                                      |                                   |
|-------------------------------------|------------------------------------|--------------------------------------|--------------------------------------|-----------------------------------|
| <input type="checkbox"/> Government | <input type="checkbox"/> Regulator | <input type="checkbox"/> Shareholder | <input type="checkbox"/> Customer    | <input type="checkbox"/> Employee |
| <input type="checkbox"/> Vendor     | <input type="checkbox"/> Partner   | <input type="checkbox"/> Community   | <input type="checkbox"/> Environment | <input type="checkbox"/> Others   |

**2. Your general evaluation on this report:**

- |                               |                                  |                               |                                    |
|-------------------------------|----------------------------------|-------------------------------|------------------------------------|
| <input type="checkbox"/> Poor | <input type="checkbox"/> Average | <input type="checkbox"/> Good | <input type="checkbox"/> Excellent |
|-------------------------------|----------------------------------|-------------------------------|------------------------------------|

**3. Your evaluation of Shengjing Bank in performing social responsibilities for economic development:**

- |                               |                                  |                               |                                    |
|-------------------------------|----------------------------------|-------------------------------|------------------------------------|
| <input type="checkbox"/> Poor | <input type="checkbox"/> Average | <input type="checkbox"/> Good | <input type="checkbox"/> Excellent |
|-------------------------------|----------------------------------|-------------------------------|------------------------------------|

**4. Your evaluation of Shengjing Bank in performing social responsibilities for environment:**

- |                               |                                  |                               |                                    |
|-------------------------------|----------------------------------|-------------------------------|------------------------------------|
| <input type="checkbox"/> Poor | <input type="checkbox"/> Average | <input type="checkbox"/> Good | <input type="checkbox"/> Excellent |
|-------------------------------|----------------------------------|-------------------------------|------------------------------------|

**5. Your evaluation of Shengjing Bank in performing social responsibilities for social progress:**

- |                               |                                  |                               |                                    |
|-------------------------------|----------------------------------|-------------------------------|------------------------------------|
| <input type="checkbox"/> Poor | <input type="checkbox"/> Average | <input type="checkbox"/> Good | <input type="checkbox"/> Excellent |
|-------------------------------|----------------------------------|-------------------------------|------------------------------------|

**6. Do you think the information disclosed in this report is complete?**

- |                             |                                  |                              |
|-----------------------------|----------------------------------|------------------------------|
| <input type="checkbox"/> No | <input type="checkbox"/> Average | <input type="checkbox"/> Yes |
|-----------------------------|----------------------------------|------------------------------|

**7. Do you think the content and typography is suitable for reading?**

- |                             |                                  |                              |
|-----------------------------|----------------------------------|------------------------------|
| <input type="checkbox"/> No | <input type="checkbox"/> Average | <input type="checkbox"/> Yes |
|-----------------------------|----------------------------------|------------------------------|

**8. Do you have any other comments or suggestions on the report and on the improvement and development of Shengjing Bank for performing social responsibilities?**

Thank you for your caring and support for Shengjing Bank!



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