

CHINA ZHESHANG BANK CO., LTD.
Corporate Social Responsibility Report 2021

March 2022

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Notice About Report Preparation

The Board and all the Directors of the Company guarantee that there are no false representations, misleading statements or major omissions regarding the contents of this report, and they shall be jointly and severally liable for the truthfulness, accuracy and completeness of the contents.

Scope of Report

Reporting organizations: CZBank Head Office and all the branches unless otherwise specified. For the sake of convenience, "China Zhesang Bank Co., Ltd." in the report is hereinafter referred to as "CZBank", "our Bank" or "we".

Reporting period: Jan. 1, 2021 - Dec. 31, 2021 (Part of the contents go beyond the above reporting period)

Reporting cycle: each fiscal year. Last year's report was released in March 2021.

The financial data in this report is derived from the CZBank 2021 Annual Report, while other data is collected based on CZBank's internal documents and relevant statistics. Part of the contents and data can be traced back to previous years.

Reference Standard

This report is prepared in accordance with relevant requirements set forth in the *Opinions on Strengthening the Social Responsibility of Banking Financial Institutions* and Measures for the Supervision and Evaluation on the *Protection of Consumer Rights and Interests of Banking and Insurance Institutions* issued by the China Banking and Insurance Regulatory Commission (CBIRC), China Banking Association's *Guidelines for Corporate Social Responsibility of China's Banking Financial Institutions*, Shanghai Stock Exchange's *Notice on Strengthening Listed Companies' Assumption of Social Responsibility and the Guidelines on Listed Companies' Environmental Information Disclosure*, Hong Kong Stock Exchange's *Environmental, Social and Governance Reporting Guidelines*, and also complies with *ISO 26000:2010, Guidance on Social Responsibility* released by the International Standardization Organization(ISO), GRI (Global Reporting Initiative) Standards and etc.

Reporting Principles

- Materiality principle: The report identifies and responds to important ESG issues affecting the sustainable development of CZBank based on stakeholder online surveys, information analysis, among others. The process and results of the materiality analysis have been described in detail herein.
- Quantification principle: The report has disclosed the quantitative key ESG performance of

CZBank.

- Consistency principle: The report is as consistent as possible with the indicators used in different reporting periods, and the indicators that have changed are explained to reflect trends in performance levels.
- Balance principle: The content of the report reflects objective facts and discloses both positive and negative indicators.

Currency of Denomination

Unless otherwise stated, the currency of denomination of the financial data covered in this report is RMB.

Report Guarantee

To ensure its authenticity and reliability, this Report was submitted to Ernst & Young Hua Ming LLP as per the *International Standard on Assurance Engagements 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000 Revised) for a third-party assurance with an independent assurance report and statement provided. See Independent Assurance Report.

Reporting Language

This report is prepared in simplified Chinese, traditional Chinese and English respectively, and in the event of any discrepancies, the simplified Chinese version shall prevail.

Report Publication

The report is published in electronic form and can be downloaded from
<http://www.czbank.com/>; <http://www.hkex.com.hk/>.

Report Access

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Overview

2021 is a year of significance – it marked the historical convergence of the Two Centenary Goals and the start of the 14th Five-Year Plan. During 2021, CZBank as a responsible enterprise recorded impressive performance in supporting the Zhejiang Demonstration Zone for Common Prosperity, as well as in green finance, inclusive finance, digital reform, employee care and public welfare. In partnership with stakeholders, CZBank has made solid steps towards high-quality sustainable development.

Steadily improve operational effectiveness based on five business pillars in the new development stage. In the past year, under the leadership of the Party, CZBank made every effort in line with the general goal of “becoming the most competitive joint-stock commercial bank in China and the most important financial platform in Zhejiang Province”, the operating principle of “scaling up, structure adjustment, risk control and benefit creation”, and the corporate spirit of “do and do it right”. Specifically, we made essential progress in five business units of retail banking, corporate banking, investment banking, asset management and cross-border banking, which can be proved by our remarkably improved operational efficiency and quality, steadily increased AUM, optimized corporate governance system, and improved risk control ability. As of the end of 2021, the Group recorded RMB 2,286.723 billion of total assets on balance sheet, an increase of 11.64% from the beginning of the year, with a provision coverage of 174.61% and an average return on total assets of 0.60%. Boasting growing influence and reputation, CZBank ranked 95th by total assets and 99th by Tier 1 capital on the list of Top 1000 World Banks 2021 published by The Banker.

Promote common prosperity, deepen the development of headquarters in Zhejiang, and actively addressing challenges. According to the important decisions and deployments of the CPC Central Committee and Zhejiang Province, we sped up our efforts in Zhejiang, including relocating headquarters to Zhejiang, taking 36 initiatives to support the high-quality development of the Zhejiang Demonstration Zone for Common Prosperity, promoting the leapfrog development of 26 counties in mountainous areas, and joining Zhejiang’s digital reform by launching the Barrier-free Financing, Phoenix Action, and Talent Bank programs. By the end of 2021, the balance of inclusive micro loans to Zhejiang was RMB 100.7 billion, and of intelligent manufacturing financing was RMB 41.8 billion. With a wide branch network covering 75% county-level districts in Zhejiang, CZBank provided industrial chain comprehensive services to more than 100 core enterprises, sold RMB 3.67 million of agricultural and sideline products for mountainous areas under the CZBank Common Prosperity Program, assisted Longyou Village in Quzhou City under the 1,000 Enterprises on 1,000 Villages Aid Program, and increased the annual operational income by more than RMB 200,000 for each village by average. These financial supports helped build Zhejiang into a demonstration zone for common prosperity.

Promote the creation of an ecological civilization in line with the Green Development guidelines and “Dual Carbon” goal. We believe that climate change has become one of the major crises threatening mankind. To contribute to the goals of peaking carbon emissions by 2030 and achieving carbon neutrality by 2060 (“Dual Carbon” goal), we explored risks and opportunities related to climate change, and developed a general “dual carbon” plan and implementation measures. Also, we set up the Leading Group to Support Carbon Peaking and Neutrality, and improved the climate change risk management system by strengthening green credit, green bonds and green investment. By the end of 2021, the balance of green loans was RMB 104.244 billion, and RMB 127.607 billion of loans had been provided to environmental protection-related industries. While financing sustainability, we also reduced our own carbon footprint by setting up intelligent outlets, improving operational digitalization, promoting paperless reimbursement, etc. In the past year, 99.70% of our deals were made through E-banking, and the saving rate of office paper increased by 12.33% over the previous year. All these efforts contributed to an eco-friendlier China.

Focus on ESG governance and stakeholders’ interests as a responsible company. First, we further incorporated CSR into corporate culture and core operations. This includes paying greater attention to the interests of shareholders, investors, customers, employees, suppliers, communities and other stakeholders, and launching a range of characteristic services such as inclusive finance, Spark Program, and wealth management, which promoted the development of the real economy. Second, we provided customers with more professional, diversified and thoughtful services. For example, we ensured the information security and privacy of customers, optimized age-friendly customer experiences, and advanced “Three Services”. Third, we created a more human-centric employee management mechanism which protects the health and safety of employees, encourages primary employees to make their voice heard through the Hive Community, and created opportunities to support employee career development. Fourth, we launched the “One Bank One School” program, assisting schools as well as communities in less developed western areas. As of the end of 2021, we had reduced RMB 1 billion of fees and interest for 360,000 MSEs and self-employed individuals, the 95527 Service Hotline had recorded a customer satisfaction rate of 99.86%, each employee had received 62.61 hours of training averagely, and RMB 17.3869 million had been donated, accounting for 0.12% of our total profit.

Riding on current momentum, CZBank will understand the new development stage, apply the new development philosophy, and create a new development dynamic, creating more economic, environmental and social value together with our stakeholders.

Board of Directors Statement

CZBank's Board of Directors is responsible for the review and decision making on major ESG issues, including defining ESG development objectives, formulating ESG strategic plans, deliberating on major ESG issues, and supervising the progress of ESG issues. It also fulfills ESG requirements imposed by the listing regulator.

Improve ESG supervision. The board oversees ESG progress across the bank. The board office tracks the implementation of ESG proposals and reports results to the board separately, to ensure that ESG targets are closely related to operations. In 2021, a series of ESG plans were effectively implemented at various levels as a result of team work.

Define ESG governance policy. The board paid high attention to strategic planning, serving the real economy, promoting green finance, and consumer protection. Moreover, through periodic communication with and investigations on stakeholders, it identified annual ESG priorities and incorporated such into the bank's ESG strategies and plans, while tracking the progress of stakeholders' ESG concerns.

Review ESG progress. In 2021, the board and its special committees approved a series of ESG-related documents, such as the CZBank CSR Report 2020, CZBank Green Finance Report 2020, CZBank Consumer Protection Report 2020 and Plan for 2021, CZBank Anti-Money Laundering and Anti-Terrorist Financing Report 2020, and Objectives, Strategies and Policies on Consumer Protection of CZBank. They also expressed systematic suggestions and requirements on the banks' ESG measures.

This report discloses in detail the progress of CZBank's governance and practices with respect to the above-mentioned matters and other ESG issues, all of which were approved by the board in March 2022.

About US

I. Company Profile

China Zheshang Bank Co., Ltd. (“CZBank”) is one of the 12 nationwide joint-stock commercial banks in China. Headquartered in Hangzhou, Zhejiang Province, CZBank officially opened for business on August 18, 2004. On March 30, 2016, CZBank was listed on the Hong Kong Stock Exchange (code: 2016.HK), and Shanghai Stock Exchange (code: 601916) on November 26, 2019, becoming the 13th A+H listed bank in China.

Established with the aim of serving the whole country, the Zhengjiang-based CZBank has been developing steadily since its operation, and has now become an excellent commercial bank with solid foundation, good benefits and sound risk control. CZBank ranked 95th by total assets and 99th by Tier 1 capital on the list of Top 1000 World Banks 2021 published by *The Banker*. CZBank was rated AAA by CCXI, the highest rating for financial institutions.

On April 21, 2017, the first wholly owned subsidiary Zhejiang Zheyin Financial Leasing Co., Ltd. was launched, which marks the first step towards integrated operation. On April 10, 2018, the Hong Kong branch was launched officially, which marks the first step towards international presence. By the end of 2021, CZBank had set up 288 branches in 21 provinces (including autonomous regions and municipalities directly under the central government) and the Hong Kong Special Administrative Region, operating effectively across the Yangtze River Delta, the Bohai Rim, the Pearl River Delta, the Western Taiwan Straits Zone and certain areas in Central and Western China.

During the reporting period, CZBank, in line with the vision of "becoming a leading commercial bank in China", deepened the implementation of platform-based service strategy, and in line with the operating principle of “scaling up, structure adjustment, risk control and benefit creation”, and the corporate spirit of “do and do it right”, made impressive progress in five business pillars.

II. Social Responsibility Management

1. The concept of social responsibility

CZBank embedded corporate social responsibility (CSR) into corporate culture, key operations, and high-quality sustainable development, in a bid to create economic, social and environmental values.

2. Social responsibility management system

In order to promote the institutionalized and standardized management of social responsibility, CZBank issued the *Administrative Measures on Social Responsibility Management* in 2018, making clear the organizational structure for social responsibility management, division of responsibilities and specific responsibilities. We are also working to promote the communication and ability improvement when it comes to performing the social responsibility work through conducting special trainings on a regular basis.

As the supreme decision-making body for CSR management, the Board of Director decides the bank's CSR management structure and management strategies. The CSR task team, led by the head office and supported by relevant HQ departments and branch banks, carries out the following key CSR practices, including but not limited to assessing and identifying CSR risks and opportunities; assessing CSR tasks vs. standard requirements and excellent practices of its peers; formulating CSR goals and incorporating and executing them in various business lines and key projects; combining CSR performance indicators with operation and management of business lines; and compiling CSR annual report.

3. Communication with stakeholders



CZBank attaches great importance to the communication with stakeholders, constantly enriches the means of communication, listens carefully to the opinions and feedback from relevant parties, and takes effective measures to sincerely respond to the expectations and appeals of stakeholders in a timely manner. CZBank well performs its corporate social responsibility to be an excellent corporate citizen.

Stakeholder	Expectations and appeals	Means of communication
The government and regulatory institutions	Serving the real economy Supporting the development of the Zhejiang Demonstration Zone for Common Prosperity Supporting rural revitalization Contributing to the “Dual Carbon” goal Supporting national strategies	<ul style="list-style-type: none"> • Studying and implementing relevant financial policies • Supporting the formulation of industry policies • Participating in survey visits and meetings • Conducting daily review and supervision

	<p>Preventing financial risks</p> <p>Developing the inclusive finance</p> <p>Regulating corporate governance</p> <p>Anti-corruption and anti-money laundering</p> <p>Stakeholder engagement</p>	<ul style="list-style-type: none"> Submitting statistical reports
<p>Clients</p>	<p>Tapping the potential of fintech</p> <p>Improving customer experience</p> <p>Protecting clients' rights and interests</p> <p>Publicizing financial knowledge</p> <p>Information security and privacy protection</p> <p>Stakeholder engagement</p>	<ul style="list-style-type: none"> Online services Customer surveys Customer satisfaction survey 95527 Service Hotline Customer care Digital platforms such as CZBank WeChat public account (CZBXWJR)
<p>Investors and shareholders</p>	<p>Ensuring continued and steady operation</p> <p>Improving profitability</p> <p>Increasing shareholder returns</p> <p>Increasing company value</p> <p>Regulating corporate governance</p> <p>Preventing financial risks</p> <p>Stakeholder engagement</p>	<ul style="list-style-type: none"> Periodic reporting Information disclosure Roadshows Promotion meetings General Meeting of Shareholders Investor service phone number and email address
<p>Employees</p>	<p>Creating a healthy and safe working environment</p> <p>Protecting employee rights and interests</p> <p>Human resource development</p> <p>Caring for the employee's living quality</p> <p>Stakeholder engagement</p>	<ul style="list-style-type: none"> The staff and workers' congress Employee satisfaction survey Employees' cultural, physical and health activities Complaint and whistle-blowing mechanism Hive Community

Suppliers	<p>Expanding cooperation channels</p> <p>Fair and equal procurement</p> <p>Honest and trustworthy performance</p> <p>Business ethics and anti-corruption</p> <p>Stakeholder engagement</p>	<ul style="list-style-type: none"> • Daily communication • Intra-industry communication and cooperation • Tendering • Supplier surveys and visits
Communities	<p>Developing the inclusive finance</p> <p>Supporting rural revitalization</p> <p>Promoting charitable activities</p> <p>Stakeholder engagement</p>	<ul style="list-style-type: none"> • “One Bank for One School” (一行一校) program • Building “Make a Wish” (Aixin Jinli) (愛心錦鯉) public welfare platform • Volunteer programs by employees • Community services

4. Analysis of material issues

	<p>Supporting community development</p> <p>Information disclosure and quality</p> <p>Promoting the digital economy</p> <p>Promoting green development</p> <p>Setting carbon neutrality goal</p> <p>Comprehensive risk control management</p> <p>Enhancing internal control and compliance management</p>	<p>Protecting consumer rights</p> <p>Data privacy and security</p> <p>Customer satisfaction and complaint handling</p> <p>Fintech application</p> <p>Products and services innovation</p> <p>Corporate governance</p> <p>Protecting minority equity</p>	<p>Serving the national strategies</p> <p>Promoting common prosperity</p> <p>Contributing to the “Dual Carbon” goal</p> <p>Supporting rural revitalization</p> <p>Supporting the Real Economy</p> <p>Practicing inclusive finance</p> <p>Strategic planning for business development</p>
	<p>Bolstering coordinated regional development</p> <p>Communication with stakeholders</p> <p>Building a diversified team</p>	<p>Green operations</p> <p>Responsible purchasing</p> <p>Investor education</p>	<p>Employee training and development</p> <p>Means of employee communication</p> <p>Anti-corruption and anti-money laundering</p> <p>Corporate social responsibility management</p>
	<p>Charitable activities</p> <p>Responsible investment</p>	<p>Financial literacy</p> <p>Addressing climate change</p> <p>Protecting intellectual property</p>	<p>Employee compensation and benefits</p> <p>Work-life balance</p> <p>Helping employees in difficulty</p> <p>Diversity and inclusion</p>
			

5. Contributing to the UN SDGs

The United Nations Sustainable Development Goals (SDGs) create a promising blueprint for sustainable human development. The 17 development goals, which focus on social, economic and environmental issues, present global challenges related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice. CZBank responded actively by optimizing its CSR approaches and responsible management system in line with the SDGs.

We supported the following goals through professional financial services	We supported the following goals through sound corporate management	We supported the following goals through active stakeholder communication
Goal 1: No poverty Goal 2: Zero hunger Goal 6: Clean water and sanitation Goal 7: Affordable and clean energy Goal 9: Industry, innovation and infrastructure Goal 11: Sustainable cities and communities Goal 12: Responsible consumption and production Goal 13: Climate action	Goal 5: Gender equality Goal 8: Decent work and economic growth Goal 10: Reduced inequalities Goal 12: Responsible consumption and production Goal 13: Climate action Goal 16: Peace, justice and strong institutions	Goal 3: Good health and well-being Goal 4: Quality education Goal 6: Clean water and sanitation Goal 11: Sustainable cities and communities Goal 17: Partnerships for the goals

III. Annual Responsibility Performance

Category	Indicator	Unit	2021	2020	2019
Economic performance ¹	Total assets	RMB (100 million)	22,867.23	20,482.25	18,007.86
	Operating revenue	RMB (100 million)	545.84	477.71	464.47
	After-tax profit	RMB (100 million)	129.16	125.59	131.42
	Total tax	RMB (100 million)	117.98	96.46	77.30
	Return on average assets (ROAA)	/	0.60%	0.65%	0.76%
	Provisioning coverage ratio	/	174.61%	191.01%	220.80%
	Capital adequacy ratio	/	12.89%	12.93%	14.24%
	Balance of loans to MSEs	RMB (100 million)	2,810.37	2,539.75	2,323.52
	Large Agricultural loan balance	RMB (100 million)	1,724.54	1,711.48	1,584.33
Environmental performance ²	Green loan balance	RMB (100 million)	1,042.44	785.26	538.78
	Number of e-banking transactions	10 thousand	22,320.41	21,527.01	22,514.62
	Rate of e-banking substitution	/	99.70%	99.49%	99.03%
	Total office water consumption	Ton	171,454.00	147,436.00	120,619.00
	Total office power consumption	MWh	27,916.18	27,239.71	23,722.39
	Total fuel consumption of service vehicles	Liter	20,409.86	17,013.08	18,987.10

1. Economic performance(Except Total tax)covers the Head Offices and all branches,total tax covers the Head Offices and all domestic branches(Except Hongkong).

2. The statistics of the total office water consumption, total office power consumption and total fuel consumption of service vehicles cover the Head Office.

Social performance ³	Interest and fee reduction	RMB (100 million)	10.82	10.09	9.00
	Customer satisfaction rate of the 95527 service hotline	/	99.86%	99.77%	99.73%
	Number of training programs participated in by employees	Number	1,895	2,098	2,423
	Number of employees participating in the trainings	Person in times	593,029	366,392	329,164
	Training time per employee	Hour	62.61	57.83	53.86
	Total number of employees	Number	15,302	14,646	14,156
	Percentage of female employees	/	47.69%	47.57%	47.10%
	Labor contract signing rate	/	100%	100%	100%
	Social insurance coverage rate	/	100%	100%	100%
	Donations	RMB 10 thousand	1,738.69	3,362.77	1,085.50

3. Social insurance coverage rate statistics cover the Head Office.

IV. Honors and Awards

Awards	Award presenters
Ranked 95th by total assets and 99th by Tier 1 capital on the list of Top 1000 World Banks 2021	<i>The Banker</i>
Ranked 94th on the list of Top 500 Banking Brands 2021	
Third Prize of the Fintech Development Award 2020	People's Bank of China
First Prize for the Excellent Institution Supporting the Economic and Social Development of Zhejiang	Zhejiang Provincial People's Government
Class A in the Foreign Exchange Compliance and Prudent Operation Assessment	State Administration of Foreign Exchange
Top 50 Cases of Targeted Poverty Alleviation by Chinese Enterprises	Social Poverty Alleviation Department of the State Council Leading Group Office of Poverty Alleviation and Development
Most Satisfied Bank for Private Enterprises in Zhejiang Province in 2020	Hangzhou Branch of the People's Bank of China
The Award for Outstanding Contributions to Zhejiang's Projects Going through Smooth Financing	Local Financial Regulatory Bureau of Zhejiang
Best Mobile Banking Customer Experience Award, Digital Finance Innovation Award	China Financial Certificate Authority
2021 Excellent Cases of Financial Services for Micro, Small and Medium-Sized Enterprises	China Banking Association China Association of Small and Medium Enterprises
Enterprise Standard "Leader" in 2020	Payment & Clearing Association of China
Pacesetter of China's Supply Chain Finance Industry in 2021	China Supply Chain Finance Annual Conference Organizing Committee
China Best Service Practice, Best Organizational Planning Award	China International Fair for Trade in Services
Digital Supply Chain Finance Innovation Achievement in 2021	China International Industrial Internet Innovation and Development Conference Organizing Committee
Financial Security Innovation Award at the Financial Digital Technology Innovation Competition 2021 (Electronic Seal System)	cebnet.com.cn
Top 10 Financial Service Cases in Zhejiang 2020 (Talent Bank Program)	Zhejiang Financial Industry Development Promotion Association
Golden Dragon Award - Best Bank of the Year in Serving Technologically Advanced SMEs	<i>Financial Times</i>
FinTech Innovation Award 2021	<i>Global Finance</i>
Golden Bull Award for Wealth Management Banks	<i>China Securities Journal</i>
The Gamma Award for Investment Banking as a Boutique Bank in 2021	<i>Securities Times</i>
Outstanding Socially Responsible Enterprise of the Year	<i>Southern Weekend</i>

2021 Chinese University Students' Favorite Employers, Model Enterprise for Human Resources Digital Management	51Job
Top 100 Listed Companies with Growth Potential 2021	Xueqiu

CSR Topic I: Vigorously Devoting to Constructing an Important Window of Financial Services in the Zhejiang Demonstration Zone for Common Prosperity (ZDZCP)

Common prosperity is the essential requirement of socialism and the common expectation of people. In May 2021, the CPC Central Committee and State Council issued the Opinions on Supporting Zhejiang’s High-Quality Development and Building a Demonstration Zone for Common Prosperity, announcing Zhejiang’s pioneer role in implementing China’s common prosperity strategy. This brought honor, reputation, unprecedented opportunities, but also great responsibility to Zhejiang. As the only national joint-stock commercial bank headquartered in Zhejiang, CZBank responded quickly, assuming the task of vigorously devoting to constructing an important window of financial services in the demonstration zone for common prosperity.

I. Developing General Plans

In 2021, CZBank issued a series of plans to comprehensively promote common prosperity in Zhejiang, including the Implementation Plan for Supporting Zhejiang’s High-Quality Development and Building a Demonstration Zone for Common Prosperity (2021-2025) (hereinafter referred to as the “Implementation Plan”), Implementation Plan for the Development of Zhejiang Base Camp (2021-2025), Plan of CZBank for Promoting the High-quality Leapfrog Development of 26 Counties in the Mountainous Areas of Zhejiang, etc.

Among them, the Implementation Plan aims to address three issues: regional inequality, urban-rural inequality and income inequality. Under 13 items of the Implementation Plan, 36 measures were presented to enhance financial support, innovate financial services, and improve the quality and effectiveness of financial services, contributing to Zhejiang’s high-quality development and demonstration zone for common prosperity.

<p>Organizational structure</p>	<ul style="list-style-type: none"> • Head office: The Leading Group for Financial Support to the Development of Zhejiang Demonstration Zone for Common Prosperity was set up to lead financial support to the zone. • An office under the leading group was set up at the Development & Planning Department • Task forces, such as the Task Force to Promote the High-quality Leapfrog Development of 26 Counties in the Mountainous Areas of Zhejiang, were built to lead key projects and tasks.
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	<ul style="list-style-type: none"> • Head Office’s department heads or veterans assign tasks and report progress quarterly. • Provincial branches: Working Groups to Support the Development of Zhejiang Demonstration Zone for Common Prosperity were set up, to engage with local governments and the Head Office, promoting the implementation of the plan according to local conditions.
Priorities	<ul style="list-style-type: none"> • Accelerating the reduction of regional disparity • Accelerating the reduction of urban-rural inequality • Accelerating the reduction of income disparity
Key targets	<ul style="list-style-type: none"> • By the end of 2025, the balance of loans in Zhejiang exceeds RMB 600 billion. • By the end of 2025, the financing balance in Zhejiang exceeds RMB 1,000 billion. • In 2021-2025, the growth rates of private enterprise loans, inclusive micro loans, manufacturing loans, green loans, agriculture-related loans, and sci-tech innovation loans exceed the average growth rate of all loans. • By the end of 2025, basically cover the 26 counties in mountainous areas.

II. Strengthening Financing Support

The ZDZCP cannot be built without financial support. CZBank ensured financing to the project in terms of total amount financed, service accuracy, financing efficiency and financing cost.

	Measures	Results
Increasing total amount financed	<ul style="list-style-type: none"> • Developed a separate credit scheme for key projects in Zhejiang to ensure sufficient financial support for them. • Expanded agency and brokering services such as bond underwriting, cross-border financing, and attracting trust and insurance funds to increase total amount financed. • Policy leaning and assessment incentives. FTP performance assessments were conducted to encourage agriculture-related loans, Talent Banking loans, sin-tech innovation loans, manufacturing loans and 	<p>As of the end of 2021, financing balance in Zhejiang was RMB 721.1 billion, of which the balance of various loans was RMB 434.7 billion. The growth rates of inclusive MSE loans, private enterprise loans, and manufacturing loans all exceeded the average growth rate of all loans.</p>

	green loans.	
Improving service accuracy	<ul style="list-style-type: none"> Promoted liquidity services such as note pools and asset pools to address companies' urgent need for short-term loans. Provided credit loans (e.g., Credit Lending) to first time borrowers, and launched more micro loan products such as Revolving Credit and Payment Credit. Launched the Zhejiang Intelligence Financing Program to further support intelligent manufacturing. Launched the Talent Banking Program to provide talent with financing support, such as credit loans and venture loans. 	By the end of 2021, CZBank had provided over RMB 180 billion liquidity to enterprises in Zhejiang; the balance of inclusive micro loans in Zhejiang was RMB 100.7 billion; RMB 41.8 billion of loans had been provided under the Zhejiang Intelligence Financing Program; and RMB 13.466 billion of loans had been granted under the Talent Banking Program.
Improving financing efficiency	<ul style="list-style-type: none"> Offered the innovative 24/7 Online Lending service which enables convenient financing anytime, anywhere. Launched four online service models of "Online Application", "Mobile Survey and Visiting Banking Service", "Online Handling" and "Financial Technology and Automatic Service", saving the time of customers. Provided online real estate mortgage registration service in the "non-contact" service model. 	By the end of 2021, more than 75% micro loans had been provided online, and the online withdrawal ratio reached 98%. Micro financing was provided online following the steps of online application, mobile investigation, online data review, model-based approval, self-service withdrawal and repayment, and automated post-loan services.
Lowering financing costs	<ul style="list-style-type: none"> Further explored the possibility of LPR, and incorporated FTP into loans and discounts to MSEs. For MSEs severely affected by COVID-19, we continuously devoted to alleviating their difficulties by reducing micro loan rates and other fees, and greatly promoted rollovers. 	As of the end of 2021, the inclusive financing costs for MSEs was lowered by 10BP compared with the beginning of the year.

Case: Dealer Credit makes collection and financing easier

Hikvision is the world's leading security solution provider, and also an Industrial Chain Collaborative Innovation Project under the Zhejiang Intelligence Financing Program. With 70% of its sales obtained through its dealers, Hikvision expects to accelerate collection while increasing sales. It presses dealers for payments at the end of each quarter. For the dealers, they expect to finance their extra purchase to acquire incentives. Given the needs of Hikvision and its dealers, CZBank provided an innovative supply chain financial service — Dealer Credit — which defines the credit lines of an enterprise's downstream dealers based on their dealing records, and then provides corresponding credit loans to dealers so that they can purchase. Loans directly enter the signed account of the enterprise. This not only finances the purchase of the dealers, but also can help key enterprises to increase sales.



Photo: Hikvision's workshop

Case: Talent Banking Program supports high-tech MSEs

CommSky was founded by Shen Jun, a provincial top talent in Zhejiang Province. Its R&D team has developed a cutting-edge Wi-Fi big data collection, transmission and operation platform, using intelligent antenna algorithms and ultra-large capacity cloud management platform technology. Featuring a wide coverage, mass users, high throughput capacity, high reliability, and flexible network management, the platform serves smart cities, healthcare, education, and other complex scenarios.

However, despite its sophisticated product, CommSky failed to build a competitive position in the market during its early stage, due to its low brand awareness and widely diverse markets. In 2018, it only created RMB 3.7 million of sales revenue. Furthermore, affected by heavy expenditure on R&D, marketing and management, the company saw negative net profit margins for several consecutive years, and faced insufficient liquidity in 2019. To help out the company, our Talent Banking team started a quick due diligence, and then provided a credit loan of RMB 5 million to it, despite its absence of pledges and insufficient cash flow. With our support, the company stripped its markets down to education, where it cooperated with several leading smart classroom platforms such as iFLYTEK and Wuhan Tianyu Information Industry Co., Ltd. As its sales channels expanded continuously, its sales revenue exceeded RMB 18.66 million in 2021, 3 times higher than that in 2019. CommSky has stepped on the right track.

III. Optimizing Products and Services

To tap the potential of finance in serving the real economy, CZBank developed various financial products related to common prosperity relying on its extensive experience in inclusive finance, industrial chain & supply chain services, and wealth management, and also upgraded existing financial service channels which set examples for the industry.

<p>Developing innovative “Common Prosperity” products</p>	<ul style="list-style-type: none"> • Common Prosperity Loan: This inclusive product provides a more risk-tolerant innovative guarantee model for farmers, new rural businesses, self-employed individuals, and micro enterprises in the ZDZCP. • “Common Prosperity” wealth management products: These products aim to provide rural residents, immigrants to Zhejiang, couriers, delivery riders and ride-hailing drivers with preferential wealth management products, so as to grow the middle class and improve the income of low-income groups. • “Common Prosperity” financing products: These products cover rural revitalization bonds, green bonds, government-subsidized housing lease bonds, private enterprise bonds, etc.
<p>Further promoting inclusive finance</p>	<ul style="list-style-type: none"> • Creating a micro finance supermarket where MSEs have easier access to finance. ✓ Promoted Rollover Credit, Revolving Credit and Online Revolving Credit which allow flexible access to money, and significantly reduce refinancing costs. ✓ Launched Standard Factory Loan, Smart Manufacturing Loan and Government Procurement Loan to meet the financing needs of MSEs in various manufacturing and operational scenarios. ✓ Launched the 5+N Integrated Financial Services Program for MSE industrial parks, to fully meet the financial needs of MSEs throughout their lifecycles. ✓ Created innovative supply chain financial service models to support first time MSE borrowers along supply chains. • Diversifying guarantee models which enable MSEs to borrow more: We explored the possibilities of credit loans so that MSEs are able to borrow without providing guarantees, and that their needs for increased investment can be satisfied; and actively promoted the development of the National Financing Guarantee Fund, and local MSE credit guarantee funds. • Deepening digital reform to provide quick loans to MSEs: We promoted digital and automated finance so that MSEs and self-employed individuals out of the reach of outlets may have easier access to finance.

<p style="text-align: center;">Supporting technologically advanced SMEs</p>	<ul style="list-style-type: none"> • Launching the Spark Program ✓ Focused on technologically advanced SMEs, listed companies, pre-IPO companies, unicorns and high-tech companies in six high-tech industries and strategic emerging industries (i.e., new-generation IT, high-end equipment manufacturing, new materials, renewable energy, energy efficiency & environmental protection, and biomedicine) and enterprises with creative business models. ✓ Provided credit services, personal financial services, services for overseas listed enterprises, collateralized investment services, venture loan services, M&A services and syndicated loan services according to the growth stages of different types of customers. ✓ Launched differentiated credit policies. At the branch level, credit lines for national, provincial/sub-provincial, and municipal technologically advanced SMEs were RMB 50 million, RMB 30 million and RMB 15 million respectively, and that for listed companies and pre-IPO companies was RMB 30 million.
<p style="text-align: center;">Providing resident wealth management solutions</p>	<ul style="list-style-type: none"> • Developed diversified financial products for different customer groups and strengthened cooperation with various financial institutions, to meet the diversified investment and financial needs of various types of customers. • Created non-financial value-added service scenarios related to healthcare, tax, education, charity, inheritance and good living, and diversified wealth management products. • Launched the CZBank Anniversary Happy Wealth Management program with a shorter term, flexible minimum amount, and lower risk during the anniversary period, benefiting more ordinary customers. • Launched the “AI Investment” fund portfolio which combines AI with professional fund investment research models to effectively control investment risk.
<p style="text-align: center;">Optimizing banking services for the elderly</p>	<ul style="list-style-type: none"> • Mobile banking: The age-friendly banking app integrates the functions of large print, one-touch service call dialing, FAQs, transfer risk reminder, and text-to-speech. • Telephone banking: A service hotline was specially arranged for older customers. • Elderly-friendly equipment: Large-print forms, large-print ITMs, transaction voice prompts, seniors first service, and self-service banking machines with emergency bottoms were provided.

	<ul style="list-style-type: none"> • Senior Care Areas: Outlets were encouraged to create aging-friendly Senior Care Areas where seniors may enjoy thoughtful and convenient banking services in dedicated service areas with dedicated services process provided by dedicated service teams, and receive specially designed cards in an exclusive ecosphere for the elderly.
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Case: CZBank financially ensured the raw material supply of Gepai Cobalt

Zhejiang Gepai Cobalt New Material Co., Ltd. (hereinafter referred to as “Gepai Cobalt”) is a strategic partner of CZBank Shaoxing Branch and also a provincial technologically advanced SME in Zhejiang Province. It mainly supplies nickel and cobalt to the manufacturing of ternary lithium batteries, 5G digital products and mobile energy storage devices. Like other technologically advanced SMEs, Gepai Cobalt requires more diversified customized financial services.

One day before the Spring Festival, Gepai Cobalt called CZBank, saying that raw material prices were expected to rise after the festival, and it had to pay the balance of its order to a foreign customer right after the holidays. Hearing this, Shaoxing Branch quickly developed a detailed quick loan plan. Shangyu Sub-Branch started to make preparations on the fifth day of the Lunar New Year, and then issued an Import Letter of Credit for USD 5.62 million on the first working day of Gepai Cobalt after the Spring Festival. The issuance, which lasted for only two hours, financially ensured the raw material supply of Gepai Cobalt in a new year.

“CZBank always puts the interest of enterprises first. They work simply and efficiently, which substantially promoted the long-term development of enterprises.”

-- Head of Gepai Cobalt



Photos: CZBank workers served senior customers with enthusiasm at Senior Care Areas.

IV. Empowering Finance with Technologies

Zhejiang’s digital reform is a major strategic decision made by the local government from an overall perspective, in line with the CPC Central Committee’s decisions and deployments, such as high-quality development, competitiveness enhancement, modernization and common prosperity. CZBank pressed ahead with the reform. We incorporated digital technologies, thinking and recognition into major scenarios (including core business units), providing innovative, agile and open digital banking based on high-quality digital financial products and services. This contributed to the development of inclusive finance and the real economy as well.

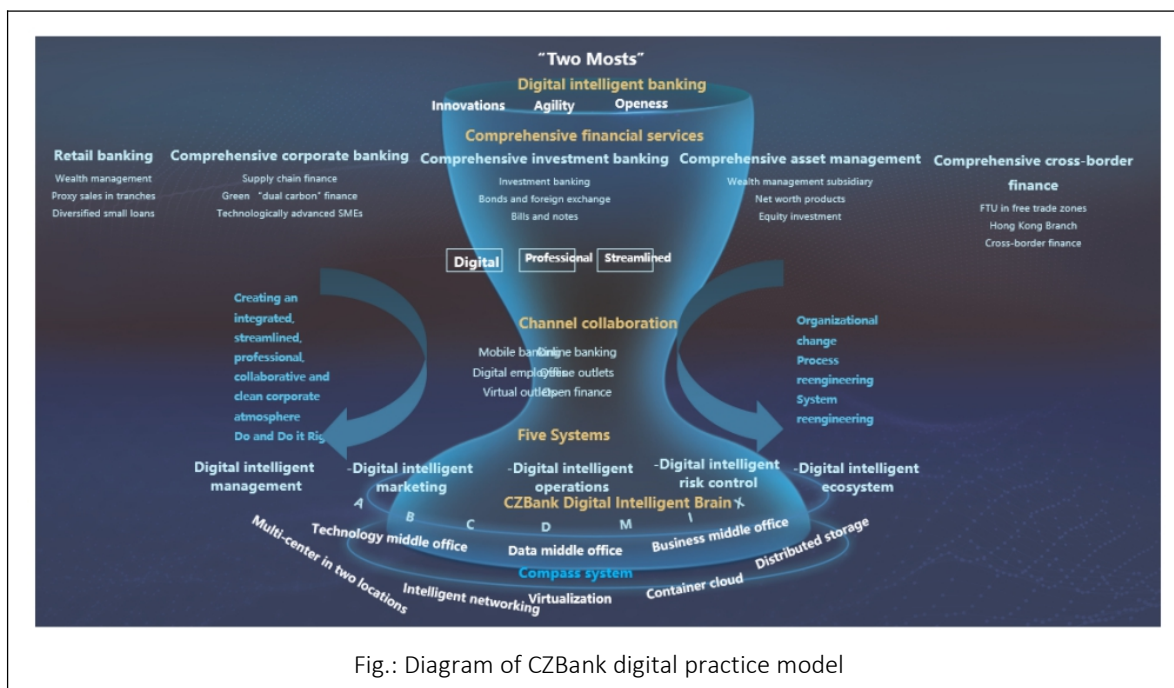


Fig.: Diagram of CZBank digital practice model

Table: Initiatives and outcomes of digital reform

Measures		Results
Supply chain finance	<ul style="list-style-type: none"> Established the Supply Chain Finance Department in response to China’s Stronger Supply Chain initiative. Cooperated with core enterprises along supply chains, and acquired upstream and downstream transaction data using blockchain and IoT technologies for risk pricing, so as to finance the enterprises. 	By the end of 2021, we had provided integrated supply chain service solutions for more than 100 core enterprises in Zhejiang Province

<p>Robotic process automation (RPA)</p>	<ul style="list-style-type: none"> • Built an enterprise-level RPA platform to effectively address labor-intensive operations such as mass data collection and multi-system interactions, and to incorporate digital processes into various scenarios, such as corporate banking, retail banking, custody services, operations, compliance governance, anti-money laundering, and internal management. 	<p>By the end of 2021, 56 application scenarios had been created, which can save over 60,000 hours of work annually.</p>
<p>Digital intelligence closed-loop risk management platform</p>	<ul style="list-style-type: none"> • Continuous monitoring: IoT technology was used to continuously monitor the operations of enterprises, thus better preventing and controlling financial risks. • Risk warning: A risk management and warning system was created using AI technologies (e.g., knowledge graphs and deep learning), to realize real-time batch processing. • Information sharing: Information such as objective credit data and IoT data was stored on blockchains immutably, so that information may be shared among banks, lowering their financing risk while ensuring data safety. 	<p>In the past year, 92.14% of risky customers were reported, averagely 196.5 days in advance.</p>

Case: CZBank provided digital financial services in multiple scenarios

- **Energy resource enterprises:** We stored the lifecycle information of an oil & gas trading center’s core members on our autonomous and controllable blockchain technology platform which ensures the authenticity of warrants through the immutable feature of the blockchain, thus reducing enterprises’ financing cost and our financing risk.
- **Healthcare services:** Together with healthcare institutions, we created the “Enjoy Health” online clinic which, combining healthcare with financial services online, creatively provides an integrated online + offline healthcare service model that covers the entire healthcare process.
- **Digital yuan:** As one of the first banks where digital yuan was piloted, CZBank has launched a digital yuan payment system that supports various scenarios, such as e-wallet, e-banking, e-mall and corporate account management.

V. Contributing to Rural Revitalization

To promote rural revitalization based on the achievements of poverty alleviation, and support efforts related to agriculture, rural areas, and rural people, we formulated a package of policies for 26 counties in Zhejiang’s mountainous areas.

<p>Policies and regulations</p>	<ul style="list-style-type: none"> Formulated the CZBank Rural Revitalization Financial Support Implementation Plan 2021 to define targets and improve the organizational structure. Issued the Plan of CZBank for Promoting the High-quality Leapfrog Development of 26 Counties in the Mountainous Areas of Zhejiang, to aid the 26 counties according to local conditions.
<p>Setting up organizational structure</p>	<ul style="list-style-type: none"> Set up the Task Force to Promote the High-quality Leapfrog Development of 26 Counties in the Mountainous Areas of Zhejiang to implement the project. Optimized the organizational structures of branches in Zhejiang province, so as to basically cover the 26 counties in mountainous areas by the end of 2025.
<p>Assessments and incentives</p>	<ul style="list-style-type: none"> Issued more policy incentives regarding the resource allocation, FTP expense concessions, fee allocation and performance measurement of agriculture-related loans. Separately developed credit schemes to enhance support at the policy level.
<p>Innovating products and services</p>	<ul style="list-style-type: none"> Promoting a series of products such as loans for "bank + leading enterprise + farmer" cooperative mode, photovoltaic loan, planting and breeding loan etc., so as to support local leading agricultural enterprises, featured bases and peasant households financially; Brought greater innovations into financial products and services such as rural digital finance, supply chain finance, MSE cluster financing, and agricultural pledge & mortgage loans, to enable small farmers and emerging agricultural businesses have easier access to finance. Innovatively incorporated platform banking into projects related to agriculture, rural areas and rural people, diverting credit funds to characteristic and competitive segments in rural areas.
<p>Human resource support</p>	<ul style="list-style-type: none"> Launched the “Go to Mountainous Areas” program under which our key employees temporarily work there for a medium period of time or longer

	<ul style="list-style-type: none"> • For key employees with the experience of working at the 26 counties in mountainous areas, priority was given to them in terms of the two-way exchange between the Head Office and branches, annual appraisal, and award competition. • Recruitment priority and subsidies were given to graduates from mountainous areas. • Integrating rural revitalization into corporate culture by organizing team-buildings and relevant activities such as CPC day and communist youth league branch day celebrations
<p>Public-spirited undertakings</p>	<ul style="list-style-type: none"> • Launched the 1,000 Enterprises on 1,000 Villages Aid Program to assist photovoltaic, grain & oil processing, rural tourism and empowerment projects in target villages in Longyou County, Quzhou City. By the end of 2021, investments had totaled RMB 21.39 million, creating more than RMB 200,000 of operating income for each village. • Launched the CZBank Common Prosperity Action to sell agricultural products from the 26 counties in mountainous areas on E-family Banking Mall. Live streams and online shopping festivals were held to help farmers increase income. As of the end of 2021, RMB 3.67 million of agricultural and sideline products had been sold, and RMB 150,000 of scholarships had been raised. • Provincial branches were encouraged to pair up with primary schools in the 26 counties in mountainous areas and help them through subsidizing needy students, improving teaching conditions, enhancing education quality, and changing students’ mental outlook. By the end of 2021, the branches had paired up with five primary schools, renovated several libraries, and completed a number of upgrading projects such as the nutritious meal project.

Case: Decoding the supply chain to benefit orange farmers

Zhejiang Fomdas Foods Co., Ltd. (hereinafter referred to as “Fomdas Foods”), located in Xinchang County, Shaoxing City, is one of the first leading industrialized agricultural enterprises in China, mainly producing canned oranges. Its raw materials are mainly provided by small orange farmer cooperatives scattering countrywide. Without mortgages or pledges, these farmers can hardly get loans from banks. In addition, as there are seasonality requirements for the purchase of agricultural products, for example,

when the harvest time comes, they need strong financing support to purchase oranges. Therefore, these farmers actually face three financial challenges: high costs, long payback periods, and high financing barriers.

To address these challenges, CZBank created the “bank + industrial leaders + farmers” industrial chain service model. In this model, CZBank issues blockchain receivables to Fomdas Foods who then transfers such to qualified farmers upon the confirmation of CZBank. Farmers may get loans by transferring or pledging blockchain receivables received to CZBank. In this way, financing barriers faced by farmers are greatly reduced. By the end of 2021, more than 10 orange farmer cooperatives had joined the platform, and CZBank had provided nearly RMB 20 million of loans to farmers. The supply chain service model was well received among the farmers.

Case: “Without their help during the epidemic, my dream of running B&B must have already died.”

Xianju County, boasting superior natural sceneries and resources, has become a popular tourist attraction with a growing number of bed & breakfasts (B&Bs). Chen Sufang is one of the local B&B owners. Born in Xianju, Chen once left her hometown to do business. Several years ago, to realize her childhood B&Bs dream, she returned to Xianju and established Xianju Jielu B&B Tourism Development Co., Ltd. In May 2018, Chen received her first loan of RMB 2 million from CZBank Xianju Sub-Branch. The money went to the first phase (five detached houses) of the Mt. Crane B&Bs project located in Danzhu Village, Xianju County, and the following second phase.

However, the outbreak of COVID-19 gave a devastating blow to the B&B market in Xianju. Chen naturally was involved in the crisis. At that critical moment, Xianju Sub-Branch, based on its understanding and trust of Chen, and its prediction of a positive industry outlook, decided to reduce the loan rate and defer the loan, and provided a rollover of RMB 10 million in 2021.

“CZBank helped me out. Without their help during the epidemic, my dream of running B&B must have already died! They are really committed to serving micro and small businesses.”

--Chen Sufang, founder of Xianju Jielu B&B Tourism Development Co., Ltd.



Photos: Mt. Crane B&Bs



Photo: CZBank Common Prosperity Action helped create jobs and income for farmers in 26 counties in the mountainous areas, with live streams attracting more than 4 million of viewers.



Photo: Wenzhou Branch invited local red cross society to popularize safety and protection knowledge for students in mountainous areas.



Photo: Rooftop photovoltaic panels installed in Xijia Village have accumulatively created RMB 359,100 every year for the villagers.



Photo: Nearly RMB 100 million of loans have been provided through Yongjia County Xiangui Cooperative, benefiting 520 farmers.

CSR Topic II: Contributing to the “Dual Carbon” Goal Through Green Finance

The “Dual Carbon” goal are a major strategy proposed by China towards a community with a shared future for mankind, and sustainable development. To effectively implement decisions and plans of the CPC Central Committee, the CPC Zhejiang Province Committee and Zhejiang Provincial Government regarding the goals, CZBank improved relevant policies and regulations, enhanced risk management, innovated services and products, and shifted to low-carbon operations, which enhanced CZBank's capabilities in supporting the "Dual Carbon" goals, and contributed to a more sustainable China both socially and economically.

I. Developing General Plans

In 2021, CZBank formulated the Action Plan for Supporting Carbon Peaking and Neutrality (2021-2025), (hereinafter referred to as the “Action Plan”), which clearly defines three major directions, and provides more than 20 specific measures in five aspects. The Leading Group for Supporting Carbon Peaking and Neutrality was also set up to make sure that greater financial supports are provided in line with the “Dual Carbon” goal, and the bank’s innovative high-quality transition strategy.

Organizational structure	<ul style="list-style-type: none"> • Head Office: The Leading Group to Support Carbon Peaking and Neutrality was set up to be responsible for policy formulation and implementation, business promotion, coordination, etc. • An office under the leading group was set up at the Development & Planning Department • Head Office’s department heads or veterans assign tasks and report progress quarterly. • Branches (subsidiaries): Working Groups to Support Carbon Peaking and Neutralization were set up to implement requirements and tasks. • Huzhou Branch was selected as a pilot green financial institution at the Head Office level.
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<p>General requirements</p>	<ul style="list-style-type: none"> • Target-oriented: The growth rate of green loans and carbon neutrality loans from 2021 to 2025 shall not be lower than the average growth rate of the bank's loan portfolio, and financial services shall be provided around the target. • Strategy-oriented: Develop medium and long-term plans; build advantages in liquidity services, industrial chain & supply chain services, and wealth management services to support carbon peaking and neutrality; bring greater innovations into "dual carbon" products and services in five business units. • Priority-oriented: Pay high attention to financial needs in key areas such as transition of high-carbon industries, development of low-carbon industries, technological innovation in energy efficiency and emission reduction, and shift to low-carbon production and lifestyle; and explore key industry opportunities brought by carbon peaking and neutrality.
<p>Major measures</p>	<ul style="list-style-type: none"> • Strengthening financial services to key industries • Providing diversified products and services • Improving risk control ability in Dual Carbon • Improving the policy guarantee mechanism • Intensifying carbon neutrality efforts

II. Improving the Policy Guarantee Mechanism

CZBank further improved its policy guarantee mechanism and systems for carbon peaking and neutrality, including enhancing policy tracking and research, improving professional staffing, formulating performance assessment, and promoting characteristic financial operations.

<p>Enhancing policy research</p>	<ul style="list-style-type: none"> • Focused on national and local carbon neutrality policies, and seized financial and taxation policy opportunities • Investigated heavily financed industries sensitive to policy changes, to predict their development trends and define their risk exposures based on investigation results, industry policies and market changes. • Explored business models, products and services that promote carbon peaking and neutrality, and studied the best practices of peers in this regard.
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<p>Formulating performance assessment policies</p>	<ul style="list-style-type: none"> • Developed carbon peaking and neutrality performance assessment indicators, increased the weights of such indicators in relevant assessment systems, and appropriately integrated such indicators into projects in line with key national strategies and the bank’s intermediate priorities. • Allocated more risk-weighted assets and credit to carbon peaking and neutrality, and highlighted the role of finance in supporting carbon peaking and neutrality in the Green Finance Assessment Program.
<p>Improving professional staffing</p>	<ul style="list-style-type: none"> • Set up a professional team to study issues, promote services, and evaluate risks related to carbon peaking and neutrality. • Set up the Energy Finance Department to promote the development of energy finance. • Conducted training on green finance, carbon peak and neutrality and other topics from time to time, and organized green financing cases, to further improve the expertise of relevant personnel.
<p>Strengthening external engagement</p>	<ul style="list-style-type: none"> • Strengthened engagement with regulators, actively participated in the formulation of regulatory policies and standards, and strove for policy supports such as carbon emission reduction tools. • Strengthened engagement with government stakeholders, deeply participated in the development of the Zhejiang Green Finance Reform and Innovation Pilot Zone, and brought greater innovations to finance-supported carbon peaking and neutrality. • Strengthened engagement with relevant industrial leaders to seize the trends in technological development and business models.

III. Strengthening Financial Services to Key Industries

Carbon peaking and neutrality involves many industries who thus need tremendous financial supports, which brings great opportunities to financial institutions.

Therefore, we developed industry-specific solutions according to the way and degree that carbon peaking and neutrality affect different industries; conducted continuous, dynamic and prospective investigations to track industry trends and opportunities brought by carbon peaking and neutrality; and strengthened financial services to key industries.

Table: Financial services to three categories of industries

Category	Industry	Loan balance (RMB 100 million)	Balance of bond investments (RMB 100 million)
Carbon peak	Thermal power	22.65	5.52
	Steel	114.06	5.66
	Non-ferrous metals	57.93	0.74
	Petrochemicals	114.83	31.3
	Building materials	16.18	5.07
Carbon neutrality	Clean energy	46.92	1.64
	Energy storage	0.03	0
	Electric vehicles	24.39	13.37
	Green buildings	634.33	0
Negative carbon emissions	Forestry	92.99	0
Total		1,124.31	63.30

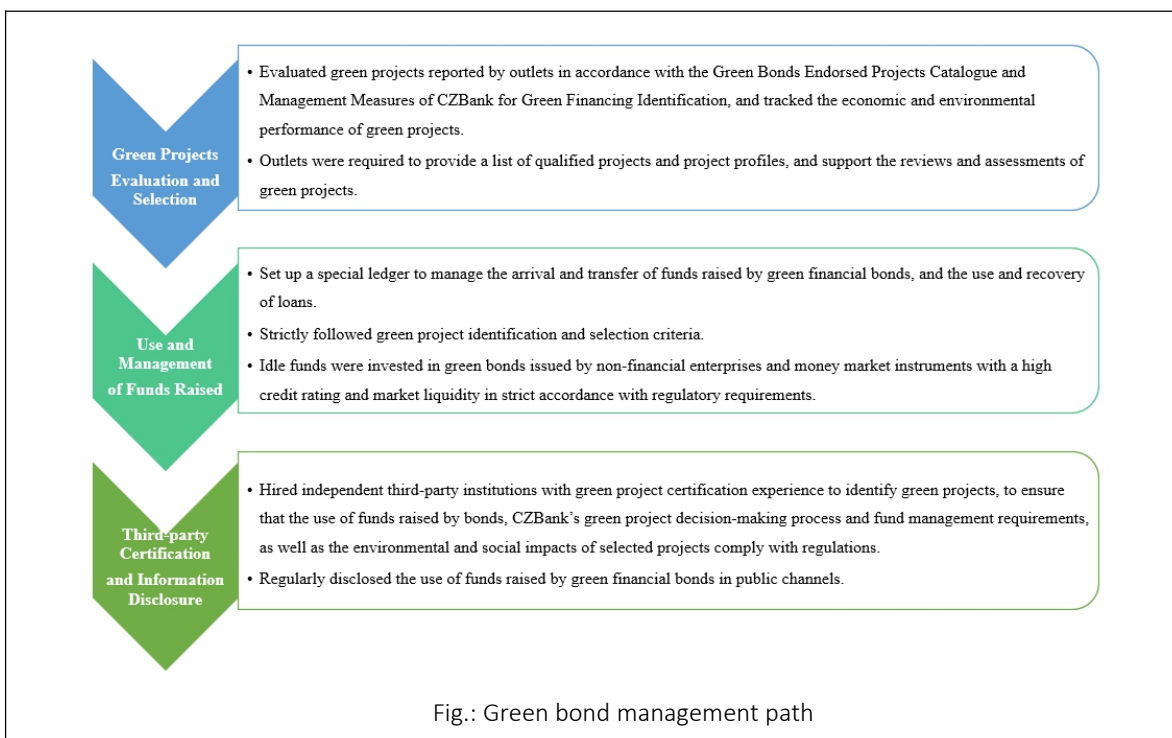
IV. Providing Diversified Products and Services

CZBank continued to support the dual carbon work, developed various “dual carbon” Financial services and products, and actively promoted the green financial pilot program. These efforts financially promoted the achievement of the “Dual Carbon” goal.

<p>[Innovation 1] Easy Carbon Loan</p> <p>Easy Carbon Loan adds a new industrial carbon account application scenario to Quzhou’s Industrial Carbon Account System Pilot Project. The first Easy Carbon Loan (USD 800,000) was provided by Quzhou Branch to a pharmaceutical company, which is labeled “light green” on the list of Quzhou Industrial Carbon Accounts. The loan was used to comprehensively upgrade equipment, primarily the steam heating system, power supply system, water supply system, environmental protection system, and process energy efficiency and emission reduction system under 21 clean production plans. These efforts are expected to reduce the company’s overall carbon footprint by the end of 2022, lead to an annual carbon reduction of at least 12,000 tons, and push the company’s clean production to the highest industry level.</p> <p>After its launch three months ago, Easy Carbon Loan has benefited 10 enterprises in Quzhou with RMB 665 million, effectively promoting energy efficiency and emission reduction.</p>	<p>[Innovation 2] Investment banking related to carbon neutrality</p> <p>CZBank is the leader manager of the fourth tranche of a green medium-term note (blue bond) issued by GD Power Development Co., Ltd. in 2021 for RMB 800 million. It is the first blue bond underwritten by CZBank for an offshore wind power project, and also the third such bond in the interbank market. The project is expected to reduce greenhouse gas emissions by 519,100 tons per year and save 229,100 tons of standard coal. Leader manager of the first “Carbon Neutrality” green financial bond for non-banking institutions in China which is the first tranche of a green finance bond issued by SUYIN Financial Leasing Co., Ltd. in 2021. These projects are expected to reduce carbon emissions by 455,000 tons and replace 173,000 tons of fossil energy per year.</p>
<p>[Innovation 3] Inclusive finance related to carbon neutrality</p> <p>CHINT is a leading PV equipment manufacturer in China. Together with CHINT, CZBank tailored the PV Loan for MSEs and farmers in the downstream of the PV industry. PV Loans are unsecured loans which enable MSEs and farmers to participate in PV projects much easier. The entire process, from application, screening,</p>	<p>[Innovation 4] Carbon allowance innovation pilot</p> <p>The National Emissions Registration System (NERS), as the “trading hub” and “warehouse” in China’s emissions trading market, and China’s carbon asset big data center, integrates the functions of allowance registration, trading settlement, allocation of emissions permits, and supervision of agreement performance. The NERS is created by China Hubei Emission Exchange. CZBank has partnered with the</p>

<p>approval, to lending, occurs online, so that borrowers, no matter where they are, can apply loans conveniently. What’s more, a loan term can be as long as ten years, which increases the income of core enterprise and farmers, and effectively helps reduce emissions at the same time.</p> <p>In addition to Jiangsu, the product has also been launched in Shandong, Hebei and other places. By the end of 2021, RMB 900 million of PV loans have been provided to more than 10,000 farmers.</p>	<p>exchange for information sharing, and will further cooperate with it in carbon finance, including carbon bonds, carbon pledges and carbon credits, to jointly explore and leverage the financial value of green corporate assets, and build a carbon finance innovation pilot.</p>
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CZBank actively responded to China’s green finance and high-quality economic development policies. In September 2019, we issued RMB 5 billion of green financial bonds in the China Interbank Bond Market to fund green industrial projects. Correspondingly, we formulated the Management Measures of CZBank for Green Financial Bond Proceeds to manage the evaluation and selection of green projects, the use and management of proceeds, and third-party certification and information disclosure. This helps ensure that the proceeds from green financial bonds are used exclusively for green projects.





Photos: In 2019, CZBank issued its first green financial bond. Part of the funded projects have been completed and put into use.

(Left) SUNGROW's solar power plant project is expected to reduce 153,800 tons of carbon emissions per year

(Right) Anhui Zhonghuan Environmental Protection Technology's wastewater treatment project

Case: CZBank creatively addressed the financing needs of Tongyi Printing and Dyeing Group

Zhejiang Tongyi Textile Printing and Dyeing Co., Ltd. and Zhejiang Xinyi Printing and Dyeing Co., Ltd. (collectively "Tongyi Printing and Dyeing Group"), located at Binhai Industrial Zone, Keqiao District, Shaoxing City, is an industry leader in Zhejiang and even China. As an industry benchmark in Zhejiang, the group produces 26,220 tons of knitted fabric, and 111 million meters of woven fabric every year. Its high-grade printing and dyeing technology upgrading project has been included in the 2021 Zhejiang 100-Billion-Yuan Technical Transformation Investment Project Program launched by the Economy and Information Technology Department of Zhejiang. After several investigations, CZBank Shaoxing Branch tailored a financial service scheme for the group. Specifically, a RMB 99 million loan creatively secured by the group's tradable pollution allowance was provided to the group, directly addressing its short-term financing needs.



Photo: Workshop of Tongyi Printing and Dyeing Group

Case: CZBank helped issue China’s first “Rural Revitalization” green cross-border bond through Bond Credit

Jiangsu KW Holding Group Co., Ltd. (hereinafter referred to as “KW”) is a large wholly state-owned enterprise funded by the Administrative Committee of Jiangsu CZ Economic Development Zone, mainly focusing on infrastructure construction, land consolidation, and landscaping in development zones. Integrating low-carbon technologies into projects to minimize emissions is a highlight of the company.

Knowing that KW planned to issue a bond abroad, CZBank customized the “Bond Credit” scheme, providing credit enhancement for the company’s overseas debt repayment by issuing a standby letter of credit (SLOC). With the help of CZBank, KW issued China’s first “Rural Revitalization” green cross-border bond for USD 80 million, with a maturity of three years and a coupon rate of 1.98% per annum, the lowest among US dollar bonds with the same maturity underwritten by China’s joint-stock commercial companies. Bond Credit not only addressed KW’s financing needs, but also promoted the company’s low-carbon development.

V. Improving Risk Control Ability in Dual Carbon

CZBank formulated the Three-Year Plan of CZBank for Green Finance Development, incorporating environmental and social risk management into its comprehensive risk management system. According to the severity of environmental and social risks faced by borrowers, we enhanced differentiated dynamic customer management, while improving our own resilience and risk management ability, so as to gradually reduce the probability of environmental and social risk occurrence, contributing to the “Dual Carbon” goal.

<p>Incorporation of comprehensive risk control management</p>	<ul style="list-style-type: none"> • Information collection: We collected and analyzed environmental and social risk information of customers, and environmental information released by authoritative organizations and regulators. • Due Diligence: We conducted comprehensive, in-depth and detailed due diligence into the environmental and social risks faced by customers and their projects through multiple channels, as an important part of credit investigation. Due diligence covers enterprises’ labor and working conditions, pollution prevention and control, environmental and social risk assessment and management, etc. • Review and approval: We reviewed environmental and social risks covering the potential environmental and social risks faced by customers (or projects), and corresponding management measures and overall evaluation. Enterprises with poor performance in environmental and social risk management would be directly excluded in credit approval process. • After-loan management: We regularly assessed the impact of environmental
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	and social risks faced by customers on their performance, and adjusted loan management strategies accordingly in a timely manner.
Improving policies and regulations	<ul style="list-style-type: none"> Improved policies related to environmental and social risks; defined environmental and social risk management objectives; and integrated environmental factors into a comprehensive risk management.
Optimizing credit policy	<ul style="list-style-type: none"> Focused on government-supported key green industries such as energy efficiency and environmental protection, clean production, and clean energy; prudently financed coal, iron and steel and other strictly controlled traditional high-carbon industries; and supported the transition of industry or regional leaders, and traditional high-carbon industries.
Tightening evaluation standards and processes	<ul style="list-style-type: none"> Developed a strict standard to define the scope, requirements, process and responsibilities of green financing projects, and tightened information collection, review and judgment processes, to make sure that information objectively and truly reflect our efforts in green finance.
Conducting dynamic monitoring	<ul style="list-style-type: none"> Closely tracked national policies and regulations, regulatory developments, and changes in industrial standards; and regularly investigated the Environmental Protection Department and Production Safety Department, so as to timely identify and address strictly controlled issues such as environmental noncompliance, environmental violations, serious environmental pollution, severe environmental and social risks, backward production capacity and processes.
Fintech empowerment	<ul style="list-style-type: none"> Used the big data risk control platform to better identify environmental and social risks, and strengthen credit risk monitoring, operational supervision, post-investment & post-lending management, and risk warning management, thereby comprehensively improving the quality and efficiency of risk management.

VI. Intensifying Carbon Neutrality Efforts

In line with our medium- and long-term climate performance goals, as well as China’s carbon peak and neutrality goals, we reduced our carbon footprint and improved climate performance by building intelligent outlets, promoting digital services, strengthening green building management, and promoting paperless offices.

<p>Building intelligent outlets</p>	<ul style="list-style-type: none"> • Promoted new intelligent cash management modes of “side cash cabinet” and “single counter”. By the end of 2021, 144 outlets had adopted these modes. • Equipped all key outlets with intelligent pledge cabinets and over-the-counter clearing equipment. By the end of 2021, 68 outlets had been equipped with 139 intelligent cabinets.
<p>Improving digitalized service level</p>	<ul style="list-style-type: none"> • Greatly promoted paperless operations by embedding e-signatures, e-seals, e-receipts into counter transactions, to reduce the consumption of paper documents and other consumables. • Optimized the online account opening procedure, so that customers may apply for settlement accounts online using their electronic business licenses. • By the end of 2021, the e-banking rate was 99.70% and RMB 19.52 trillion of transactions had been conducted online.
<p>Strengthening green building management</p>	<ul style="list-style-type: none"> • Design and renovation of offices: Sub-circuit sub-regional lighting system control, LED lights, and VRV were embedded into the design of the HVAC and electrical systems; sanitary products are all water efficient; wood panels, flooring and wood finishes are eco-friendly products graded E1 or above; and furniture and auxiliary materials are eco-friendly products graded E0. • Daily management of office buildings: Public areas in office buildings were inspected, and facilities and equipment were maintained regularly.
<p>Promoting paperless offices</p>	<ul style="list-style-type: none"> • Promoted paperless and online offices to reduce paper consumption. By the end of 2021, paperless processes were used for 991,000 times, 7.6% higher compared with the previous year, and paper consumption reduced by 38.51 tons or 12.33% over the last year. • SaaS-based Quick Reimbursement, which replaces printed invoices with e-invoices. In 2021, more travel platforms were used, e-invoices were acquired synchronously, and the Automatic Audit Robot was comprehensively upgraded.
<p>Creating a low-carbon environment</p>	<ul style="list-style-type: none"> • No-waste policy was strictly implemented, canteens' procurement of foods was reasonably controlled to eliminate waste, and kitchen waste was disposed in a more eco-friendly manner. • Posted water and electricity conservation signs in public areas. • Reduced the generation of wastes by dismantling waste electronic equipment, selling used office equipment, and recycling hazardous wastes. • Held various environmental protection activities such as afforestation, river

protection, and resource recycling.

<p>[One-sentence story] Improving the efficiency of elevators</p> <p>Xi'an Branch improved the efficiency of elevators by using two of the six elevators in the building on rest days and holidays, and advocating travel within two levels by foot.</p>	<p>[One-sentence story] Monitoring electricity consumption</p> <p>Hangzhou Branch monitored the building's electrical load on a daily basis to ensure compliance with the power limitation set by the municipal government. Also, it launched an initiative on electricity saving and requested all departments and tenants to save electricity as required.</p>
<p>[One-sentence story] Reducing vehicle travel</p> <p>Chengdu Branch used less cars and reduced vehicle travel to effectively reduce greenhouse gas emissions through strict management.</p>	<p>[One-sentence story] Reducing waste generation</p> <p>Nanjing Branch developed a kitchen waste registration system, and waste delivery and recycling regulations, greatly reducing domestic and kitchen wastes throughout the year.</p>



Photo: CZBank's headquarters building in Qianjiang Century City uses double glazed curtain walls, which



Photo: The Xi'an Research Center adopts a centralized solar hot water system and a rainwater recycling system. The former is expected to provide 6,108.69 m³ of hot water per year, and the latter recycles rainwater to wash public areas and irrigate

can effectively improve the energy efficiency of the external walls. The building is LEED Gold certified.

landscape plants. What's more, the building diverts rainwater from roofs and roads to landscapes to control rainwater runoff and pollutants, and reuses rainwater at the same time.



Photo: On the 43rd Arbor Day, Weifang Branch and the Weifang Municipal Committee of the Communist Youth League jointly planted trees for a greener planet.

ESG Reporting

ESG, the acronym of environmental, social and corporate governance, is an important indicator for evaluating the non-financial performance of a company. Traded in both the A-share and H-share markets, CZBank has been improving ESG management capacity and ESG performance, including strictly complying with the requirements of regulators, actively engaging with stakeholders, focusing on resource efficiency and environmental protection, and actively fulfilling CSR.

I. Governance Performance

We further upgraded our corporate governance system and governance capability. By improving the corporate governance mechanism, internal control & compliance system, and comprehensive risk management, we ensured independent operations, as well as effective interaction, cooperation and coordination across the bank, steadily moving forward on the path of corporate governance.

1. Corporate governance

Upholding the leadership of the Party, we improved the corporate governance structure where the Party Committee plays a leadership role, the Board of Directors makes strategic decisions, the Board of Supervisors oversees according to law, and senior management implements upon authorization. The four bodies (shareholders' meeting, Board of Directors, Board of Supervisors, and senior management) independently fulfill their duties while supplementing and supervising each other, pushing corporate governance to a higher level.

1) Implementing the fourth Five-Year Plan

CZBank' 2021-2025 Development Plan, developed around its strategic positioning, identifies 14 key strategic projects related to improving internal governance (e.g., corporate culture development, anti-corruption, improvement & transition of wealth management services), building internal management capabilities (e.g., digitalization of internal management, data governance and application, application of blockchain and IoT technologies, and creation of a new standard capital management system), enhancing professional skills (e.g., development of customer marketing system and mechanism, improvement of characteristic liquidity services and industrial & supply chain services, and development of expertise).

2) Improving governance mechanisms

We are committed to improving the corporate governance structure, the effectiveness of governance mechanisms, and the use of science in the board' decision-making. In accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, *Guidelines for Corporate Governance of Commercial Banks* and other laws and regulations and relevant regulatory requirements,

our bank has established the corporate governance structure comprising shareholders meetings, Board of Directors, Board of Supervisors and senior management, featuring clear responsibilities, orderly and coordinated management, and democratic and efficient decision-making process.

The Board of Directors has been renewed, currently consisting of three executive directors, five shareholder directors and five independent directors, with a more diversified professional background and a more reasonable composition. In 2021, CZBank held 6 shareholders' meetings where 36 proposals were passed, and 16 board meetings where 97 proposals were passed.

3) Protecting the Rights and Interests of Minority Shareholders

Protecting minority equity is always a focus of CZBank. Specifically, we protected the right to know of minority shareholders by improving the information disclosure system and disclosing information in a more active and timely way, and engaged with minority shareholders through shareholders' meetings and Investor Relations Hotline to listen to their opinions and suggestions and address their concerns. Moreover, independent directors expressed independent opinions on major issues such as related party transactions and profit distribution plans at boarding meeting, to ensure that proposals would not damage the interest of minority shareholders.

4) Strengthening communication with investors

We had deeper engagement with investors through Investor Relations Hotline, SSE E-Interaction, emails, online Presentation of Performance in the A-share and H-share Markets in 2020, shareholders' meetings, and organizational investor investigations. A better understanding of CZBank's development strategies and operations enhances investors' recognition of the banks' market value.

5) Consolidating Party building

At CZBank, the Party always provides overall leadership and coordinates the efforts of all involved. By systematically promoting Party building at political, ideological, organizational, conduct, discipline and institutional levels, we highlighted the core role of Party organizations at various levels, and the exemplary role of Party members across the bank. Upholding absolute Party leadership, CZBank made steady progress in business scale, financial performance, and asset quality, and made breakthroughs in key fields such as capital replenishment. High-quality Party building led to high-quality development, pushing CZbank forward towards the general goal of "becoming the most competitive joint-stock commercial bank in China and the most important financial platform in Zhejiang Province", and "a first-class commercial bank".

Year 2021 marked the 100th anniversary of the CPC. In such a context, we held a series of activities to study the Party's history, and major initiatives related to the anniversary, and then incorporated study results into corporate governance. In the past year, under the themes of "keeping in mind the General Secretary's instructions" and "passing on the traditions of revolution", we fulfilled 3,000 tasks to satisfy

public needs, address challenges faced by enterprises, and reduce primary-level burden, including enabling enterprises to have easier and cheaper access to finance. In this process, employees’ enthusiasm was greatly boosted by their achievements in study and work.



Photo: “Party Emblem Shines in Zhejiang” Theme Exhibition

2. Internal control compliance management

CZBank has always put a premium on internal control, continuously optimizing the internal control system, strengthening internal control measures, innovating internal control methods, and enhancing the effectiveness of internal control.

Table: Internal control compliance initiatives

<p>Establishing the correct concept of internal control</p>	<ul style="list-style-type: none"> Highlighted the importance of “always putting internal control and compliance first” which determines performance; provided internal control and compliance training and defined violations; incorporated internal control and compliance into operations so that they are understood and put into practice by employees.
<p>Regulating the establishment of the internal control system</p>	<ul style="list-style-type: none"> Establishing a system management structure featuring hierarchical design, standard classification and hierarchical approval, and thus forming an internal system of "Three Vertical and Four Horizontal" Establishing a complete management process from system approval, drafting, consultation, review, launch to post-evaluation, to ensure closed-loop management of corporate rules and regulations Systematically created, amended and abolished regulations.
<p>Defining risk control priorities</p>	<ul style="list-style-type: none"> Launched the “Year of Internal Control and Compliance Management” program, focusing on identifying and correcting problems, addressing repeatedly occurring violations, and consolidating governance achievements in key areas.

	<ul style="list-style-type: none"> Improved the operational risk and violation control system, strengthened the prevention of internal control, compliance, operational and violation control risks, and comprehensively identified and addressed operational and violation risks.
<p>Conducting compliance monitoring and evaluation</p>	<ul style="list-style-type: none"> Improved the internal control evaluation mechanism, and comprehensively evaluated the effectiveness of internal control. Established a business line management, supervision, inspection and evaluation system, and disclosed results on a quarterly basis; defined the duties of positions related to business line internal control and compliance.
<p>Optimizing risk control methods and procedures</p>	<ul style="list-style-type: none"> Advanced the “New Approach for Calculating Operational Risk Capital” Management Consulting Project, and optimized the operational risk management system, laying a solid foundation for compliance with the new approach for calculating operational risk capital. Systematically promoted telecom fraud prevention, and developed various strategies to prevent telecom fraud. Intercepted and prevented 82 frauds throughout the year, preventing RMB 8,172,300 of customer losses. Conducted operational risk stress tests to identify operational risk, and developed operational risk management measures.
<p>Carrying out intelligent internal control management</p>	<ul style="list-style-type: none"> Created a big data intelligent internal control platform, and improved the operational risk system and internal control & compliance management system (institutional management system) at the same time, to integrate the functions of different systems, promote information sharing, and improve data quality, thus acquiring the multi-dimensional portraits of outlets, business lines and personnel, and manage them based on real-time data.

3. Comprehensive risk control management

On the basis of the risk preference of prudence, CZBank takes a series of measures for comprehensive risk management, including strengthening customer base, optimizing business structure, promoting post-loan management, effectively preventing and defusing risks, facilitating the application and whole-process management of financial technologies, and continuing to boost the construction of a big data-backed risk control platform, so as to safeguard our high-quality development.

1) Improving the comprehensive risk management system

In terms of policies and systems, we established a “1+10” basic institutional framework for risk management according to regulatory requirements. The framework includes basic regulations for general and specific risk management. At the bottom of the framework are management measures,

implementation rules, and operating procedures developed according to regulatory requirements and the bank’s risk management requirements. In this way, a multi-layer risk-specific risk management institutional framework was created.

In terms of organizational structure, the Board of Directors assumes the ultimate responsibility for comprehensive risk management, the Board of Supervisors oversees risk management across the bank, and senior management implements risk management requirements. The bank has a Chief Risk Officer. Under the Board of Directors, there is the Risk and Related Party Transaction Control Committee. Under the senior management, there are the Risk Management and Internal Control Committee, Asset and Liability Management Committee, Asset Risk Classification and Review Committee, Business Continuity Management Committee, and Credit, Investment and Transaction Review Committee.

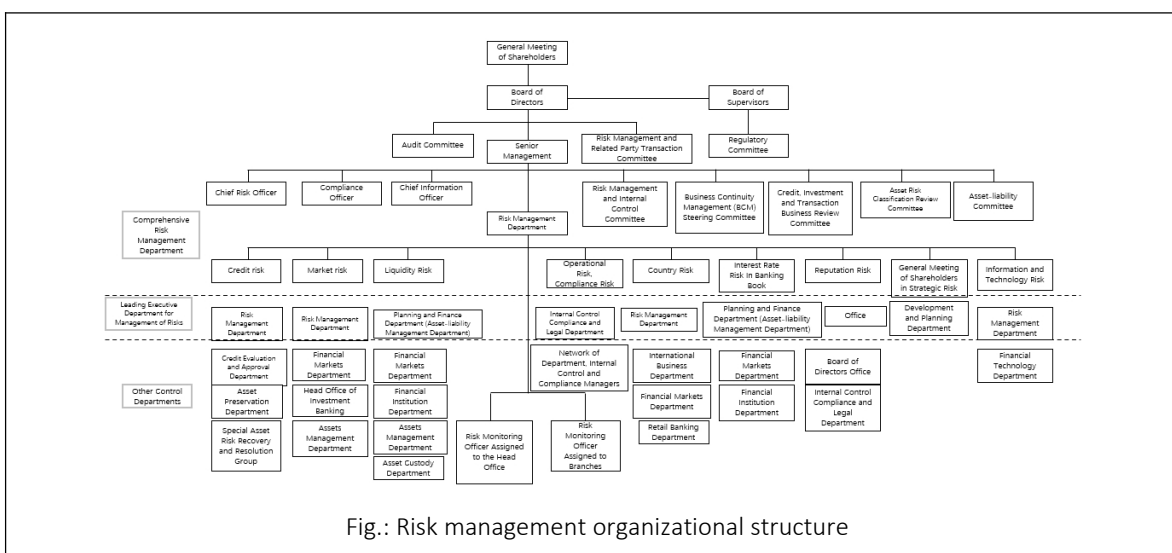


Fig.: Risk management organizational structure

2) Strengthening risk prevention and mitigation

We further standardized risk management measures in terms of risk preference management, credit risk management, and risk management of subsidiaries and overseas branches.

Table: Risk management and mitigation measures

<p>Risk preference and limit management</p>	<ul style="list-style-type: none"> Established a risk preference management system covering various major risks, formulated the Measures of CZBank for Risk preference Management, published the Risk preference Statement 2021, further clarified the risk preference of “prudent and steady” investment and the principle of “small and diversified lending”, and improved the risk preference index system. Established a risk limit management system covering various major risks, formulated a series of key risk limit management plans such as the Credit Risk Limit Management Plan of CZBank (2021) and evaluated risk limits
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	regularly, and further improved the risk limit index system.
Risk control of the entire credit process	<ul style="list-style-type: none"> Adjusted the implementation of pre-credit policies dynamically, developed and timely optimized basic and special credit policies; improved credit investigation quality and efficiency, and credit supervision mechanism and procedure; enhanced post-credit management, especially highly risky customers; and strengthened oversight over risk-sensitive outlets and business lines. Incorporated big data-based risk signals into the entire credit process, and enhanced digital and intelligent online risk control across the entire credit process through optimizing risk control models, conducting life-cycle management, and using external data.
Risk management of subsidiaries and overseas branches	<ul style="list-style-type: none"> Formulated the CZBank General Risk Management Measures (Trial) which clearly defines risk management requirements on subsidiaries. Formulated the CZBank Overseas Branches Management Measures (Trial) which clearly defines risk management requirements on overseas branches. Issued the Notice on Clarifying the Implementation Requirements for the Hong Kong Branch Development Plan 2021-2023, which sets out implementation requirements for Hong Kong Branch’s 2021-2023 risk management plan. The notice highlights priorities, and requires higher risk management capabilities.

3) Proactively addressing environmental and social risks

We incorporated environmental and social risk management into the comprehensive risk management system, and highlighted environmental and climate risk management in the entire credit process, from pre-loan credit investigation and evaluation, credit approval, to post-loan management. Through improving policies and regulations, optimizing credit policy, tightening evaluation standards and processes, conducting dynamic monitoring, empowering finance with technologies, and monitoring risks, we improved capacities in environmental and social risk management. See details in CSR Topic II: Contributing to the “Dual Carbon” Goal Through Green Finance

II. Social Performance

As a responsible enterprise, we provided more professional, diversified and attentive banking services to customers, created a good career development and growth platform for employees, financed

community development, and worked with all stakeholders to create a harmonious and win-win relationship.

1. Employment

CZBank strictly abided by the Labor Contract Law of the People’s Republic of China, Labor Law of the People’s Republic of China, Law of the People’s Republic of China on the Protection of Women’s Rights and Interests and other relevant laws and regulations. Internally, we formulated policies and regulations such as the Interim Measures of CZBank for the Management of Labor Contracts, and the Implementation Rules of CZBank for the Onboarding and Offboarding Management of Head Office Employees. Moreover, we respected the legal rights and interests and reasonable demands of employees in terms of employment, remuneration, benefits, recruitment and promotion; opposed gender, age and nationality discrimination; and further improved labor relations management.

1) Employee compensation and benefits

Following the principle of people-oriented and market-oriented development, we determined compensation according to position-based employee levels, as well as employee performance under a fair and competitive compensation framework, encouraging employees to develop together with CZBank. Moreover, we created a diversified welfare system so that more benefits are provided to employees.

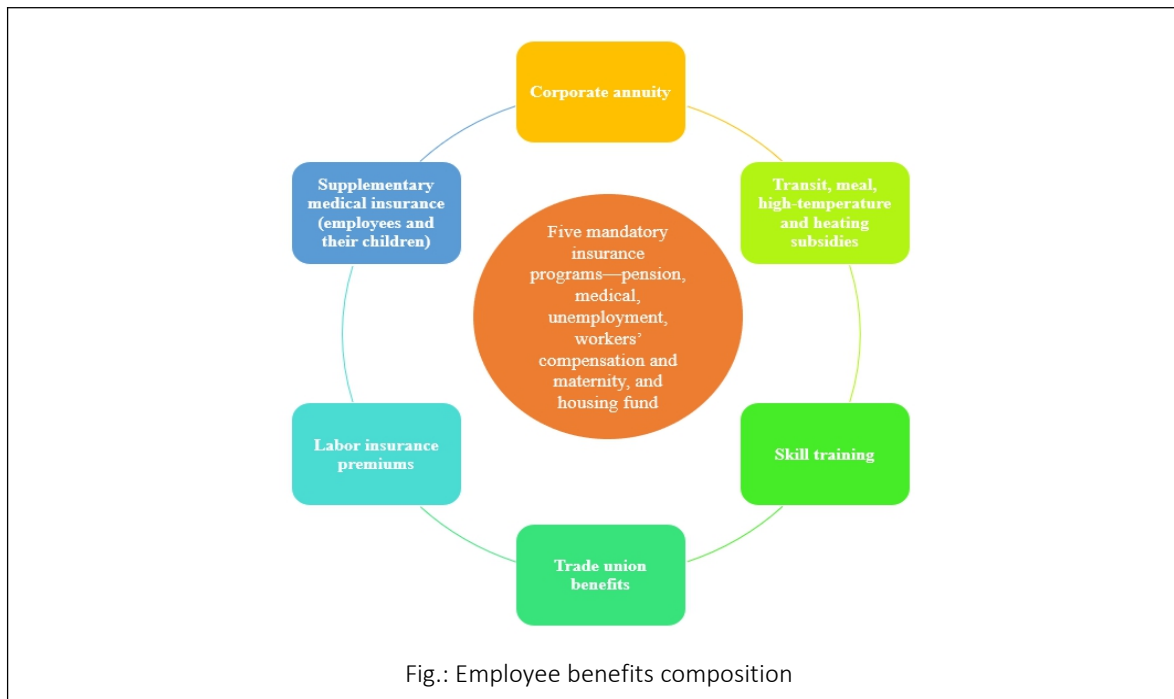




Photo: Wenzhou Branch organized a spring outing themed “Embracing the Beauty of Spring”, during which employees and their families experienced the customs and traditions of the She Ethnic Group



Photo: Hangzhou Branch organized a baking DIY party for female employee on the International Women’s Day



Photo: Shenyang Branch participated in the China Shenyang Ice Dragon Boat Competition



Photo: Liangshan Branch organized a snowy mountain journey for employees



Photo: Opera “Hua Mulan” choreographed by Tianjin Branch was selected for the local financial system gala

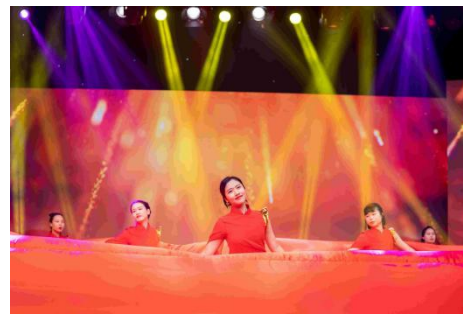


Photo: Zhengzhou Branch held the online Cloud Spring Festival Gala, during which employees and their families communicated through Bullet Screen



Photo: Guangzhou Branch launched the “Big Chef” competition, attracting cooks from various sub-branches



Photo: Chongqing Branch held a food festival, offering seafood, cold kabobs fruits and pastries

2) Recruitment and promotion

We further improved the recruitment and promotion system. Two employee level systems were established for marketing personnel and management personnel respectively, and management, technical and operating job sequencings were created to encourage employees to choose appropriate careers according to their own strengths. What’s more, we created a fair, just and transparent promotion system where employees are comprehensively assessed periodically.

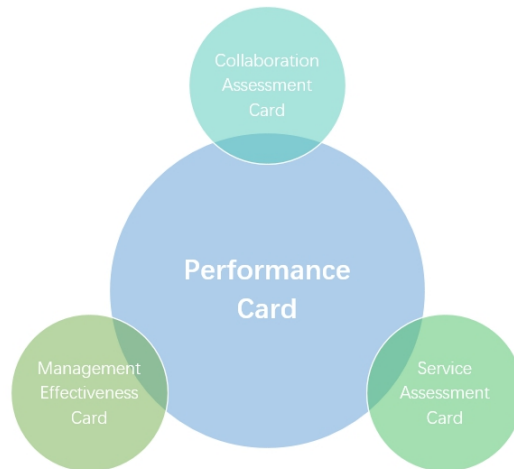
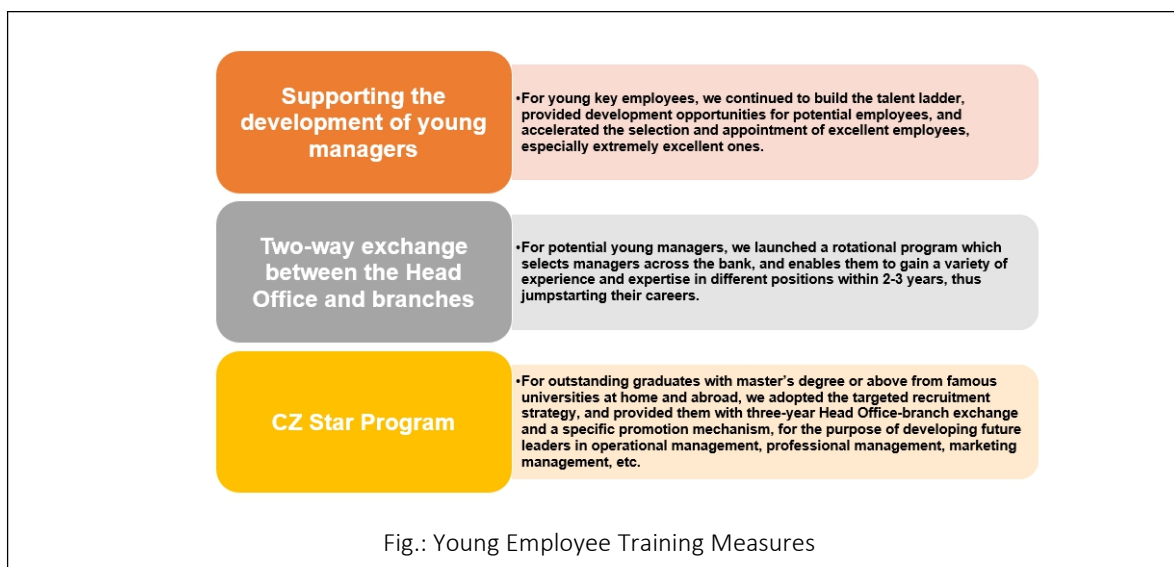


Fig.: “1+N” 360° Employee Assessment System

We created career development opportunities for college graduates, such as the CZ Star Program, frontline experience, and three-year assessment, for the purpose of attracting and developing more young talent.



3) Fair, diversified, inclusive

We adopted a diversity employee recruitment and development strategy that equally treats employees, regardless their age, gender, ethnicity, race, marital status, and religious beliefs. By the end of 2021, CZBank had a total of 15,302 employees, including 338 minority employees, and 80 foreign employees.

Table: Employment information

Indicator	Unit	2021	2020	2019
Total number of CZBank employees	Number	15,302	14,646	14,156
By gender				
Total number of male employees	Number	8,005	7,679	7,489
Total number of female employees	Number	7,297	6,967	6,667
By age				
Total number of employees below 30	Number	3,516	3,289	3,081
Number of employees between 31--50	Number	11,098	10,701	10,567
Total number of employees above 50	Number	688	656	508
Employees by type of employment				
Total number of employees on regular payroll	Number	14,961	14,233	13,673

Total number of contract workers	Number	341	413	483
By region				
Total number of employees in China	Number	15,230	14,578	14,098
Total number of employees out of China	Number	72	68	58

 Table: Employee turnover⁴

Indicator	Unit	2021	2020	2019
Turnover rate	/	7.65%	6.62%	5.60%
By gender				
Turnover rate of male employees	/	8.17%	7.27%	5.75%
Turnover rate of female employees	/	7.07%	5.90%	5.44%
By age				
Turnover rate of employees below 30	/	10.83%	6.89%	4.90%
Turnover rate of employees between 31--50	/	6.76%	5.93%	4.79%
Turnover rate of employees above 50	/	4.97%	6.26%	2.26%
By region				
Turnover rate of inboard employees	/	7.58%	6.21%	5.56%
Turnover rate of outboard employees	/	20.00%	5.00%	16.67%

Case: Creating the Hive Community to encourage frontline employees to voice their opinions

We created the Hive Community and issued the Hive Community Convention, to encourage employees to give valuable, creative and constructive opinions on the management, products, services and processes of the bank, and have free discussions. One month after its launch, the community recorded 3,696 registered users and 8,351 active topics. It has so far collected 304 suggestions, and transferred such to corresponding business lines for handling.

“The Hive Community launched this year is inarguably the greatest thing that the bank has done for

4. In 2021, some employees were transferred to CZBank’s technology subsidiary, and are thus considered as separated employees.

employees' physical and mental health. It gives me a reason to stay, despite all my complaints about my job over the years."

"Early this morning, I received the Hive Suggestions Collection Feedback Form from the Head Office, and after a closer look, I just wanted to say, "wow!!!" I was excited to see that these suggestions were collected and transferred. I hope that this platform can be a powerful tool for internal development, improvement and unity, with the joint efforts across the bank."

--Hive Community users



Photo: Hive Community

2. Health and safety

We always put the health and safety of employees first. Employees worked and rested according to regulations on working hours and holidays, and a safe and comfortable work environment was created, preventing employees from occupational hazards.

1. Improving epidemic prevention and control measures

Sticking to epidemic prevention as the first priority, we formulated the CZBank Public Health Emergency Response Plan, and held regular drills to ensure timely response to emergencies. Moreover, we provided pandemic reminders and guidance, and scientifically adjusted responses according to the latest pandemic situations. To prevent external importation and internal infection, we strictly managed employees, disinfected buildings frequently, distributed epidemic prevention supplies from time to time, set up internal nucleic acid testing sites, and actively cooperated with the community in vaccination.

2. Serving employees

We took various measures to serve our employees.

Table: Supporting measures for employees

Care for employee health	<ul style="list-style-type: none"> • Arranged annual check-ups for employees. • Set up clinics and regularly provided healthcare lectures and consulting for employees. • Created the Healthcare Service Platform to provide employees and their families with convenient healthcare services. • Organized sports games, spring and autumn excursions and other activities to relieve the pressure of employees.
Life service	<ul style="list-style-type: none"> • Created the Micro Logistics platform which supports meeting reservation, visit reservation, car reservation, consulting, meal card recharge, online food ordering, information release, etc. • Provided uniform production and laundry services. • Set up staff canteens and held food festivals from time to time.
Employee care	<ul style="list-style-type: none"> • Sent gifts to employees on major festival days, and visited employees who were married or hospitalized, or whose family members died. • Sent gifts to female employees, or allowed them to leave half a day in lieu on the International Women’s Day. • Set up nursing rooms for female lactating employees.

Table: Work-related injuries and deaths of employees

Indicator	Unit	2021	2020	2019
Work-related deaths	Number	0	0	0
Rate of work-related deaths	/	0	0	0
Lost days due to work injury	Day	327	276	177

Case: “Retracing the Long March” Brisk Walking Series

In April 2021, CZBank launched the “Retracing the Long March” Brisk Walking Campaign, and encouraged all employees and their families to participate in it. Steps were converted into miles of the Long March. Some employees visited important historical sites along the route, to build up bodies, increase willpower, and most importantly, learn from the spirit of the Long March. The event lasted for two months.

More than 4 billion steps, or over 300,000 steps per person were recorded. After the campaign, steps were converted (10,000 steps = RMB 2) into a donation to schools.



Photo: "Retracing the Long March" applet screenshot



Photo: Jining Branch organized a hike in Mt. Tai themed "Brisk Walking under Party Leadership"



Photo: Nanjing Branch held the "100th Party Anniversary Brisk Walking" activity

3. Development and training

CZBank has created a mature internal training system covering Party building, strategic tasks, key employee development, job skills development, daily work skills development, comprehensive capacity development etc., to promote employee and corporate development. The system provides a platform for employees at various levels and in different positions to achieve rapid personal development, and develop self-worth in this process.

During the reporting period, we published the *CZBank Management Personnel Training and Assessment Plan (2021)*, and published training schemes on a monthly basis. As of the end of 2021, 1,895 training and examination programs had been held across the bank, covering 593,000 employees.

Table: Employee training measures and results

<p>Digital and intelligent training</p>	<ul style="list-style-type: none"> • Launched the Fintech Micro-learning Classroom where employees may learn basic digitalization knowledge through a series of courses, such as Fintech Fundamentals, Digital Transformation, Digital Currency, and Fintech Risk Prevention. A total of 3,042 employees have completed these courses on their own initiative. • The courses of Technology Empowers Finance, and Digital Marketing Strategy and Digital Transformation were provided in the China-Europe Training Program, and online business school Master e-Lecture—High Performance Manager, to help managers develop ideas and improve skills. • Launched a new fintech employee training, and trained 618 new employees to develop fintech professionals.
<p>Studying key strategies to promote business transformation</p>	<ul style="list-style-type: none"> • Added the functions of “Party History Education” and “Fourth Five-Year Plan” to CZBank’s Intelligent Cloud platform. • Held phase I business strategy training which covered 501 sub-branch managers and branches’ marketing heads.
<p>Holding forward-looking training to improve employee capacities</p>	<ul style="list-style-type: none"> • Launched the “Content Creators in Zhejiang” short video training camp, to teach employees how to make short videos for digital marketing. A total of 1,723 trainees participated in the training, creating 412 short videos, of which 20 were selected as excellent works. • Launched an audio library app where employees may listen to massive content which helps build their professional skills. A total of 3,490 people used it for 18,000 hours.
<p>Improving the professional skills of young employees</p>	<ul style="list-style-type: none"> • Held online induction training for new employees as an online community; held offline Dream Camp to optimize team building and employee development modes (points-based); and integrated basic banking knowledge into the “New Motivation in Workplaces” course. • Launched the Talent Development Camp to help young people improve professional skills. A total of 2,590 new employees attended the camp. • Optimized existing comprehensive skills development courses, and added new courses of Accountability Builder, Business Canvas, and

	<p>Future Banking. Immersive training was provided to make learning more attractive.</p> <ul style="list-style-type: none"> Organized 11 training camps for newly appointed managers, and 452 people completed the study.
<p>Optimizing training services to promote business development</p>	<ul style="list-style-type: none"> Designed the Investment Banking Product Manager Pilot Training Program, completed project interviews, and established the learning map development workshop and face-to-face course development workshop. A learning map for investment banking product managers and eight offline courses were developed. Organized professional skills training, including 93 video training sessions, 38 live streams, 42 face-to-face training sessions, and 77 online learning sessions. Held 9 offline internal control & compliance training sessions, and 13 online training sessions on compliance education and tips. Continued to build training infrastructure; developed and updated 82 courses and cases; upgraded 143 instructors' certification; amended course and instructor management regulations; and optimized the training resource management model.

Table: Employee training

Indicator	Unit	2021	2020	2019
Percentage of employees trained	/	100%	100%	100%
Training time per employee	Hour	62.61	57.83	53.86

4. Labour standards

CZBank always upholds the principle of equal and lawful employment, and is committed to protecting the legitimate rights and interests of employees. We formulated several sets of internal management regulations, such as the Interim Measures of CZBank for the Management of Labor Contracts, and Implementation Rules of CZBank for the Onboarding and Offboarding Management of Head Office Employees, to continuously regulate the management of labor relations. We strictly manage the recruitment process, prohibit child labor, and resist all forms of forced recruitment and compulsory labor. So far, no relevant violations have occurred.

5. Supply chain management

1) Supplier social responsibility management

The CZBank Centralized Procurement Management Measures (Version 2, 2019) stipulates that centralized procurement shall follow the principles of “openness, fairness, impartiality, good faith” to make the most cost-effective deals; priority shall be given to eco-friendly and sustainable suppliers when candidates are evenly matched in other aspects; and CSR requirements shall be incorporated into supplier qualifications, binding of bidding documents, and scoring standards during the preparation of procurement documents.

2) Supplier social responsibility management measures and monitoring methods

Our supplier risk assessment focuses on a supplier’s social responsibility, including whether it has a good business reputation and sound financial accounting system, whether it has provided valid proof of paying taxes and social insurance premiums, whether it is financially healthy, and whether it has criminal records. By the end of 2021, 176 suppliers had been selected to provide products and services for the Head Office in the centralized procurement model.

3) Identification of environmental and social risks of the supply chain

We further investigated our markets and suppliers to find more suppliers, thus mitigating supplier risk. Before bidding, we required suppliers to provide the Letter of Commitment for Suppliers’ Good Faith in Operations and Agreement Performance, and undertake that any violation will lead to a three-year ban on participating in our procurements for effective supplier management.

Table: Potential suppliers by region⁵

Indicator	Supplier's region	2021	2020	2019
Number of suppliers by region	Suppliers in the Yangtze River Delta	1,392	1,248	965
	Suppliers in the Pearl River Delta	275	254	154
	Suppliers in the Bohai Economic Rim	501	460	351
	Suppliers in Central China	95	85	41
	Suppliers in Western China	109	100	67
	Suppliers in Northeast China	22	18	5
Total	Potential suppliers	2,394	2,165	1,583

6. Product responsibility

As a customer-centered company, CZBank constantly optimized the service consulting, product sales and complaint handling processes, and attached great importance to the protection of customers' financial security. Relying on cutting-edge technologies, we effectively prevented information leakage and helped customers avoid risks, and at the same time, provided customers with more diversified, professional and attentive financial services. In 2021, 13 outlets were awarded the title of "Top 1,000 Compliant Banking Service Providers" by the China Banking Association.

5. The statistics cover the Head Office.

Table: Outlets awarded the title of “Top 1,000 Compliant Banking Service Providers”

Region	Institution
Tianjin	CZBank Binhai New Area Branch Banking Department
Liaoning	CZBank Shenyang Branch Banking Department
Jiangsu	CZBank Nanjing Jiangning Sub-branch Banking Department, CZBank Nantong Branch
Zhejiang	CZBank Jiaxing Haining Sub-branch Banking Department, CZBank Shaoxing Branch, CZBank Ningbo Branch
Shandong	CZBank Ji’nan Branch Banking Department
Henan	CZBank Zhengzhou Branch Banking Department
Sichuan	CZBank Chengdu Pidu Sub-branch Banking Department
Gansu	CZBank Lanzhou Branch Banking Department
Shaanxi	CZBank Xi’an Tai Bai Road Sub-branch Banking Department
Shenzhen	CZBank Shenzhen Branch Banking Department

Case: We offered age-friendly services

“My mother is over 80 years old, and can hardly walk. She forgot her debit card PIN, but needs money urgently, can I reset the PIN instead?” Early one winter morning, before business hours, Mr. Ma hurried into Chengdu Qingyang Sub-branch and asked a worker anxiously. Hearing that, the worker told him that according to the bank’s rules, a PIN can only be reset by the card owner, but given the special circumstances, the bank may provide doorstep banking service. Mr. Ma then made an appointment. Later, workers drove 20 kilometers to the home of Mr. Ma’s mother, and helped her reset her PIN using mobile equipment. When the workers left, the old woman held their hands tightly, and thanked them repeatedly.

“I didn’t expect you would really come all the way out here and help me solve a big problem. You are so kind. Thank you.”

-- Ms. Yan (Mr. Ma’s mother)



Photo: A worker of CZBank was providing door-to-door bank services to senior customer.

1) Building intelligent outlets

Table: Intelligent outlet creation measures and results

<p>Promoting digital tools</p>	<ul style="list-style-type: none"> • Push notifications were incorporated into the information management platform to improve the delivery rate, and new functions such as message template customization, message delivery policy management, and black and white lists management were added. • New products such as the Collateral Consumer Loan and Owner Loan were added to the QR code marketing platform to expand application scenarios.
<p>Accelerating the use of new technologies</p>	<ul style="list-style-type: none"> • Incorporated E-banking Certificate into the scenarios of transaction account opening, new/replaced debit card activation, etc. • Incorporated Cloud Certificate into the scenarios of signing asset pool transaction agreements, fund pooling, fund bank account change, and Anxin E-market. • Incorporated RPA tools into the scenarios of creating daily asset custody reconciliation statements, adding financial data to custody reports, reissuing orders on the Hikvision Deal Credit 2.0 platform, etc.
<p>Improving the process risk control system</p>	<ul style="list-style-type: none"> • Newly launched 30 strategies to prevent fraud and attack risks arising from e-banking login, transfer, cross-border remittance, and cashier online payment through fund interception, transaction rejection, risk alerting, facial recognition and other risk control measures. • As of the end of 2021, 1,614 suspicious transactions were verified and blocked through outbound calls, involving RMB 10.327 billion of funds.

Launching mobile banking 5.0	<ul style="list-style-type: none"> Comprehensively upgraded the underlying architecture to improve basic functions, reconstruct core channels, fully optimize the first login and registration processes, enable intelligent search, support branches' characteristic services, and optimize personalized services such as menus, reminders, recommendations and online customer service. Added elderly-friendly functions such as one-touch help and text-to-speech to existing streamlined mobile banking.
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Table: Improving customer experience

Indicator	Unit	2021	2020	2019
Percentage of outlets covered by new intelligent banking machines	/	100%	100%	100%
Rate of e-banking substitution	/	99.70%	99.49%	99.03%
Number of self-service facilities	Number	1,649	1,539	1,400
Number of CZBank outlets with wheelchair ramps	Number	265	204	215
Number of CZBank outlets with call buttons or service telephones on door	Number	242	210	194
Number of CZBank outlets with priority seats	Number	283	245	254



2) Protecting customer privacy

CZBank strictly followed the Data Security Law of the People’s Republic of China (中華人民共和國數據安全法), Law of the People’s Republic of China on Protection of the Rights and Interests of the Consumers (中華人民共和國消費者權益保護法), Personal Information Protection Law of the People’s Republic of China (中華人民共和國個人信息保護法), Personal Financial Information Protection Technical Specification (個人金融信息保護規範) and other relevant laws and regulations. Internally, we have formulated the Measures of CZBank for the Management of Computer Information System Data (2018), Measures of CZBank for Data Governance Management (2018), Implementation Rules of CZBank for Information Security Management in External Data Cooperation (2020), CZBank Personal Financial Information Protection and Development Specification (2020), CZBank Information Security Management Measures (2020), CZBank Consumer Financial Information Management Measures (2021), CZBank Consumer Financial Information Protection Emergency Plan (2021), Measures of CZBank for Information Technology Change Management (2021), Measures of CZBank for Information System Data Request Management (2021), CZBank External Data Management Measures (2021), CZBank Data Security Grading and Classification Standards (2021) and other regulations. These regulations, which further cover customer information collection, storage, use, processing, transmission, provision and disclosure, ensure that

information processing follow the principles of legal compliance and least privilege, and strengthen customer information security management.

Table: Data security and privacy measures

<p>Optimizing the data security mechanism</p>	<ul style="list-style-type: none"> • Gained ISO27001, ISO20000 and ISO22301 certifications. • Developed a data (including customer information) security control system and data classification and management mechanism • Further improved the data leakage risk identification, monitoring and control mechanism.
<p>Improving data security technology</p>	<ul style="list-style-type: none"> • Promoted rigid data security control technologies such as the DLP system, digital watermarking system, and data container system to prevent data from being tampered with, destroyed, leaked or illegally accessed or illegally used.
<p>Establishing an external cooperation control mechanism</p>	<ul style="list-style-type: none"> • Strengthened and standardized information security management in the process of external data interaction and cooperation; and carried out risk assessments on several external data cooperation projects such as administrative law enforcement, judicial, and four-factor verification projects, to improve the compliance of data use. • Comprehensively strengthened the IT risk management of outsourcing vendors, to prevent information security problems caused by outsourcing organizations and personnel.
<p>Holding privacy awareness training</p>	<ul style="list-style-type: none"> • Organized information security training to effectively improve the security awareness of key personal information protection personnel. • Launched the FinTech Week and Cyber Security week in communities, to popularize financial technology innovations, spread knowledge and skills that prevent financial fraud and leakage of personal financial information, and effectively raise public awareness of information security protection.



Photo: CZBank’s Cyber Security Monitoring and Early Warning Platform won the second prize at the Best Fintech Application Cases in China’s Banking Industry Competition

The upper figure shows external attack monitoring, and the lower one shows the operating system of the platform

3) Strengthening protection of intellectual property rights

CZBank complied with the Trademark Law of the People’s Republic of China and other relevant laws and regulations on intellectual property protection. We focused on the creation, application, protection and management of intellectual properties, and timely applied for patents, trademarks and other intellectual properties in accordance with relevant internal regulations (e.g., Regulations of CZBank on the Management of Trademarks) and the needs of brand building and product promotion, so as to protect our innovations in accordance with the law. By the end of 2021, 478 trademarks had been registered, including 396 trademarks in China and 82 overseas trademarks⁶. Trademark “CZBank” has been registered in all categories under Class 36.

In addition, we fully respected the intellectual property rights of others, and focused on preventing the risk of intellectual property infringement. No major intellectual property infringement occurred during the last year.

6. Overseas trademark registration involves 10 countries or regions including Hong Kong, Taiwan, Macau, the United States, the United Kingdom, France, Germany, Switzerland, Singapore and Japan.

4) Improving the complaints management system

We paid continuous attention to the handling of complaints. Specifically, we improved complaint channels, optimized the complaint mechanism, strengthened complaint analysis, and handled complaints in a timely and appropriate manner, to improve the quality and efficiency of complaint handling, and effectively safeguard the legitimate rights and interests of consumers. During the reporting period, we incorporated all compliant acceptance and reporting channels into the online customer complaint management system, and received 17,662 complaints (14,186 to the Head Office and 3,476 to branches), with a 100% customer complaint handling rate.

Table: Customer complaint management mechanism and measures

<p>Improving the complaints management system</p>	<ul style="list-style-type: none"> Improved the top-level design, formulated the Goals, Strategies and Policies for Consumer Protection of CZBank in 2021-2031, strengthened overall consumer protection planning, and amended the general management measures for consumer protection. Restructured the Consumer Protection Committee to enrich its responsibilities. Organized consumer protection training for senior management, and bank-wide consumer protection training and examination, to promote problem identification and solution at various levels. Improved the consumer protection system, including formulating (amending) nine sets of consumer protection regulations, and adding/amending 457 provisions in line with regulatory requirements.
<p>Enriching complaint management measures</p>	<ul style="list-style-type: none"> Fulfilling regulatory and inspection requirements of complaints regulations and policies by category, to substantially reduce repeated complaints and escalation of complaints. Effectively monitored and analyzed complaints. Monitored changes in complaints on a daily basis to timely issue reminders; issued the Weekly Report on Monitoring of Complaints Referred by the CBIRC to acquire the latest information regarding trends in complaints, types of complaints, and source governance by regulators; and submitted complaint data to the regulator on a monthly basis. Seriously handled key customer complaints. Formulated the Basic Specification for the Use of Dispute Mediation Mechanism to Resolve Financial Disputes; supported the establishment of the Zhejiang Association for the Protection of Financial Consumers' Rights

and Interests; and used the financial dispute diversified resolution mechanism to address unreasonable visits and repeated complaints.

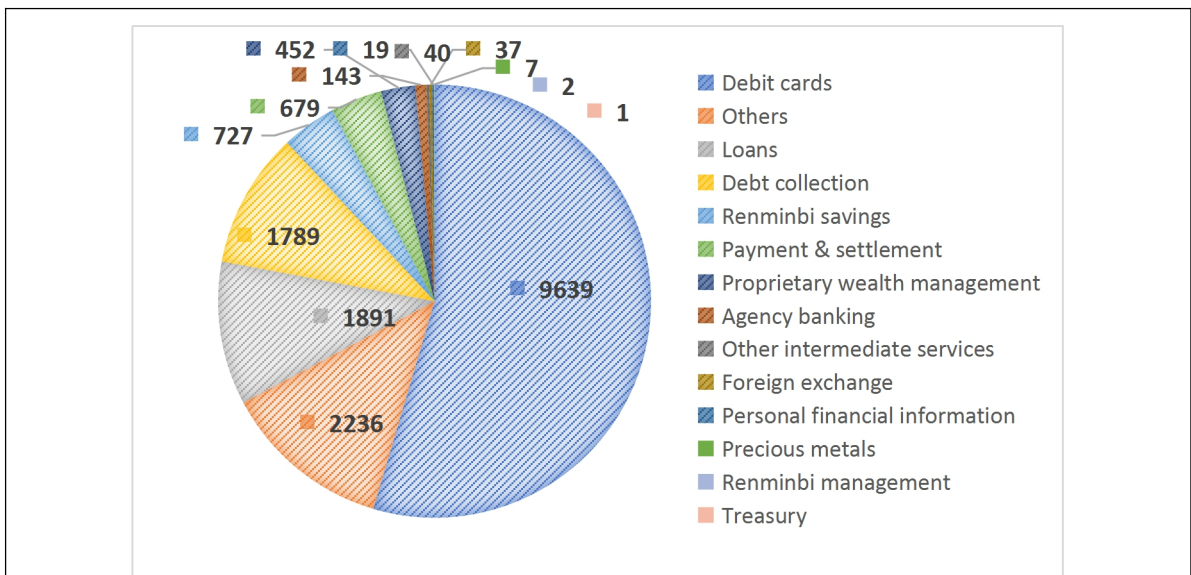


Figure: Number of customer complaints accepted and heard (classified by business category)

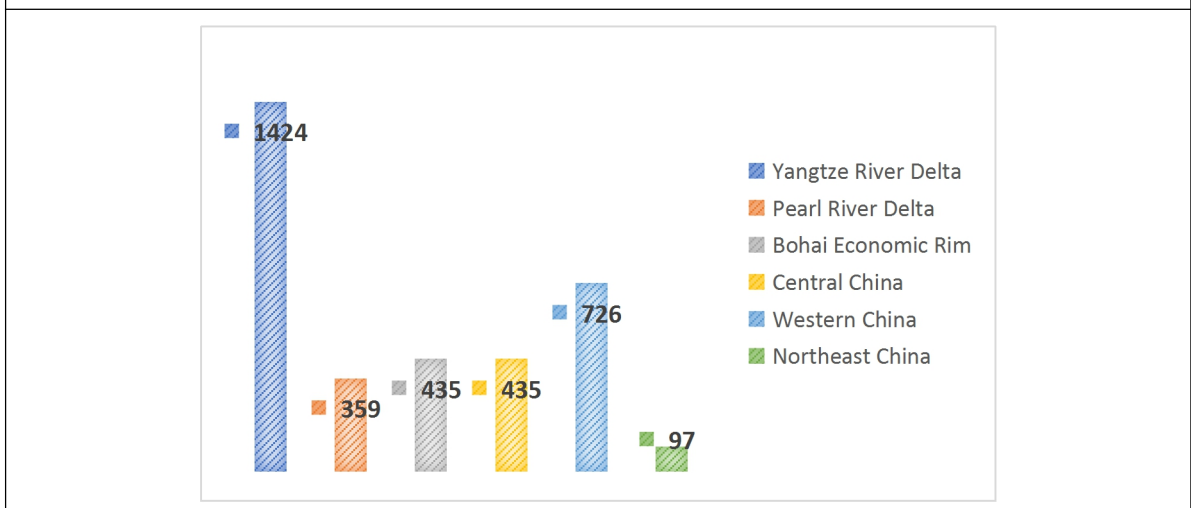


Figure: Number of customer complaints accepted and heard by branches (classified by region)

5) Publicizing financial knowledge

We formulated the Measures of CZBank for the Management of Financial Education and Popularization. These measures specify that the Board of Directors shall incorporate financial education and popularization into consumer protection policies; guide and supervise senior management in task implementation; set up the Consumer Rights Protection Committee; promote bank-wide financial

education and popularization by defining responsibilities, and conducting assessments; and further improve the financial security awareness of the public.

During the reporting period, we launched a series of bank-wide anti-fraud programs, primarily aiming at protecting older people and students. Such programs include the March 15 Consumer Education Week, Long Journey of Financial Education, Anti-illegal Fundraising Month, Financial Literacy Safeguards Your Purse, and Financial Literacy Month: How to be a Rational Investor and a Good Financial Netizen. By the end of 2021, we had organized 4,602 financial literacy activities (online articles recorded 6.03 million clicks), reaching 52.06 million consumers.

Case: CZBank produced “classical” anti-fraud microfilm series

Since May 2021, CZBank has produced a series of “classical” anti-fraud microfilms, such as Anti-fraud — A Chinese Odyssey, Anti-fraud — Let the Bullets Fly, Anti-fraud — King of Comedy, and Anti-fraud — Goodbye Mr. Loser, spreading anti-fraud tips in a very interesting way. These micro-films were highly praised by the PBC Head Office, PBC Hangzhou Central Sub-branch, and local public security bureau, and played on the regulator’s office platforms, recording more than one million views and 28,000 likes. The practice is successful.



Photo: Screenshot of an “anti-fraud” microfilm

7. Anti-corruption

1) Anti-corruption measures

We strictly abide by the anti-bribery and anti-corruption requirements set forth in laws, regulations and systems such as the *United Nations Convention against Corruption* and the *Criminal Law of the People's Republic of China*. Our Bank endeavored to promote the comprehensive and strict governance internally and continuously deepen the work to build a fine Party culture and a corruption-free Party and “corruption-free bank”. In 2021, CZBank was not involved in any significant corruption lawsuits, or any concluded corruption lawsuits.

Table: Anti-corruption measures

<p>Promoting the construction of corruption-free bank</p>	<ul style="list-style-type: none"> Formulated the <i>Implementation Plan for the Comprehensive Implementation of the Eight Actions to Promote the Construction of a Clean Bank, Priorities of CZBank in Party Conduct Improvement and Anti-Corruption in 2021</i>, and <i>CZBank Warning and Education Plan 2021</i>, in a bid to curb relevant conduct. Focused on systematic source governance, including requesting employees to sign the anti-corruption commitment.
<p>Creating risk management lists</p>	<ul style="list-style-type: none"> Created a list of responsibilities regarding full and strict governance over the Party, focusing on concerted efforts of the Party committee and discipline inspection committee. Created five lists of responsibilities, focusing on the supervision responsibility of the head of the Party committees and the leadership. Detected corruption risks related to domestic and foreign operations; created a list of power and responsibility risks; and established a liability regime integrating regular investigation, dynamic investigation and regular rectification.
<p>Launching themed governance programs to address key issues</p>	<ul style="list-style-type: none"> Launched eight themed governance programs to address key issues identified and related ones.
<p>Incorporating anti-corruption into daily operations</p>	<ul style="list-style-type: none"> Held anti-corruption activities on holidays, highlighting the role of supervision. A total of 1,062 open and unannounced inspections were conducted. Took determined efforts to address financial corruption. An inspection team composed of key employees from relevant departments was set up to enhance political inspection. The team inspected the Party committees of eight branches and re-inspected the

	Party committees of two branches.
Standardizing digital processes	<ul style="list-style-type: none"> Developed a centralized procurement management platform to enhance centralized procurement. Incorporated risk signals into the entire credit process based on the big data risk management platform, which led to an effective early warning rate of over 95%.
Intensifying anti-corruption training	<ul style="list-style-type: none"> Held a series of anti-corruption education activities around “Seven Actions” related to Party building, including four centralized activities at the Head Office level, 512 activities themed on “Clean Party Day” at the primary Party branch level, and 454 clean Party classes. Issued 14,709 copies of Open Letter to employees and their families to improve their anti-corruption awareness; and sent 800,000 anti-corruption messages to employees weekly. Amended the Anti-Corruption Education Course to improve the anti-corruption awareness of new employees.

Case: A good family atmosphere contributes to a good corporate atmosphere

Work gives us a stage to perform, while families give us a sense of security. In September 2021, CZBank launched the “Three Actions” program themed on “a good family atmosphere helps build a clean bank”. Under the program, nine measures were taken to encourage employees to create good family atmospheres which empower employees, and to propel outlets to care more about employees, enabling them to incorporate positive family factors into corporate culture. This program greatly promoted CZBank’s high-quality development at the spiritual level.



Photo: “Family Atmosphere” education short video



Photo: Guangzhou Branch organized a visit to the anti-corruption education base to create an upward and righteous corporate atmosphere



Photo: “There is a big old wooden abacus in my bookcase. The frame is already shabby, but the black beads are glossy. The abacus was my mother’s good partner,” said Ma Zhiwei from Chengdu Branch, whose mother was also a bank worker. “Financial practitioners should have a good work ethic, be incorruptible, and never use their positions for personal gains. Everyone should have an abacus — to ‘calculate’ dos and don’ts according to the ‘formula’ of self-discipline. The results decide who we will be



Photo: “During the National Day holidays, we received a souvenir from the cast of The Battle at Lake Changjin,” said Hu Yihong from Hangzhou Branch. Hu’s grandfather participated in the Korean War as a member of the Chinese People’s Volunteer Army. “No matter what position you are in, be proud and dream about your work! Do and do it right, pressing forward like these revolutionary martyrs!”

2) Anti-money laundering measures

In strict accordance with the requirements set forth in relevant laws and regulations such as the *Anti-money Laundering Law of the People's Republic of China*, the *Regulations on the Anti money Laundering of Financial Institutions*, the *Measures for the Administration of Anti-money Laundering and Anti-terrorist Financing by Banking Financial Institutions*, we are committed to continuously putting in place and improving anti-money laundering working mechanism. Currently, we can effectively identify, assess, monitor, control and report money laundering risks.

Table: Anti-money Laundering Measures

<p>Optimizing and upgrading the anti-money laundering system</p>	<ul style="list-style-type: none"> Completed 9 large-scale system upgrades, with 114 content optimizations covering functional processes, data quality, suspicious transaction monitoring models, rating rules, etc. Focused on optimizing suspicious models such as suspected telecom fraud models, suspicious lending models, and suspicious fund-raising fraud model. At present, 32 suspicious monitoring models, 95 characteristic rules for separate warnings, 259 rules for other suspicious transactions, and 844 technical indicators have been developed.
<p>Accelerating the creation of the list retrieval system</p>	<ul style="list-style-type: none"> Completed five large-scale list retrieval system upgrades, with 32 functional optimizations. In terms of list library management, we added and expanded lists, and further broke down existing ones. Abnormal customer information, Payment & Clearing Association of China's lists, and operators' cell phone number verification data were included in the library, so that various lists may be managed as a whole and better shared. In terms of screening list application scenarios, we incorporated various types of data (e.g., Dow Jones, anti-money laundering, telecom fraud) into the anti-fraud platform, and added the functions of channel-side list screening and unified call of relevant information. More than 10 new channel-side system screening scenarios were added. Intercepted over 2.5 million account openings and transactions throughout the year, effectively protecting the safety of funds.

<p>Technology empowers and improves work quality and efficiency</p>	<ul style="list-style-type: none"> • Shared data with Zhejiang’s financial service platforms and virtual operators, which facilitated customer information identification, suspicious transaction monitoring, customer money laundering risk rating and other anti-money laundering tasks. • Actively explored the application of AI technology in suspicious case analysis, model design monitoring and other aspects, to reduce repetitive work of frontline workers.
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8. Community investment

CZBank always strives to contribute to social development. Our contributions covered donations to schools, disaster relief, and aids to disadvantaged groups or with difficulties. We built a public welfare platform, and created public welfare brands of “One Bank Branch for One Primary School” and “Salute to City Guardians”. In addition, we encouraged stakeholders such as customers and employees to engage in public welfare, contributing to the creation of a harmonious society. By the end of 2021, the charity donation expenditure of this year amounted to RMB 17.3869 million, accounting for 0.12% of total profits.

We firmly believe that education is the fundamental way to stop a return to poverty, and where China’s current development and future rely on. Our supports to education started from donating the opening ceremony budget to the “Educational Assistance for a Thousand Poor Students in Zhejiang”. After the Wenchuan earthquake occurred, we started assistance to Jieguanting Town Primary School which has been lasting for a decade. In 2019, we launched the “One Bank Branch for One Primary School” program. We know that education may create ambitions, and therefore gave escalating supports, from increasing infrastructure investment, improving teaching conditions, to improving education quality, and from subsidizing needy students, improving students’ living conditions, to changing students’ mental outlook. These measures enable rural children access fair, high-quality education resources, and become useful persons through their own efforts.

Case: “One Bank Branch for One Primary School” program

The program has covered 21 rural schools. Under the program, we held a series of training sessions related to eye protection and safety education, donated epidemic prevention supplies to schools, provided nutritious student meals, and renovated school buildings and playgrounds. This long-term education support mechanism has been widely praised by teachers, students and the society. Gangmen Town Central Primary School supported by Guangzhou Branch was rated as a “Model School for Myopia Control in Children and Adolescents in Zhejiang” by the Department of Education of Guangdong Province, becoming the only rural primary school winning the honor. By the end of 2021, CZBank had donated about RMB 17 million to 6,834 students under the program of “One Branch to One Primary School”.



Photo: Xinchang Township Central Primary School supported by Hangzhou Branch (top) and Shanzuizi Township Central Primary School supported by Shenyang Branch (bottom)
Comparison of school buildings and playgrounds before and after renovation







Photo: Ji'nan Branch collected wish lists from the children of Bayi Hope Primary School and sent New Year gifts to them



Photo: Chongqing Branch organized eye examinations for students of Chetian Township Central Primary School to detect possible eye diseases



<p>Photo: Shenzhen Branch invited ophthalmologists to share eye care knowledge at Beitang Red Army Primary School</p>	<p>Photo: Qingdao Branch sent customized raincoats and galoshes to students of Shuangqiu Primary School</p>
 <p>Photo: Nanjing Branch volunteers gave an interesting lecture themed “Learning Party History from Stories” at Zhujia Town Primary School</p>	 <p>Photo: Hefei Branch invited experts to teach Chushui Central Primary School’s girls’ soccer team how to use first aid materials</p>
 <p>Photo: Guangzhou Branch invited the Red Cross Society to held safety education training for Gangmen Town Central Primary School</p>	 <p>Photo: Beijing Branch and Hohhot Branch installed heaters for Fengshou Central Primary School, creating warm winters for teachers and students</p>

III. Environmental Performance

Lucid waters and lush mountains are invaluable assets. CZBank strictly abided by the Environmental Protection Law of the People’s Republic of China and other relevant laws and regulations; provided more efficient, convenient and diversified financial services for energy efficiency, environmental protection, clean production and clean energy segments in line with green development policies; and took active measures to eliminate waste and improve resource efficiency in daily operations.

1. Emissions

We took active measures to address emissions and wastes from daily operations. Specifically, we launched a pilot wastes & emissions inspection program at the Head Office, to measure and monitor wastes and emissions generated and their processing, so as to reduce our waste and carbon footprint. We

hired a qualified waste management company to dispose wastes, minimizing their negative environmental impact.

Table: Waste reduction measures

Strictly managing the use of service cars	<ul style="list-style-type: none"> Strictly abided by the online car use approval rules, optimized the management of service cars, and reduced the use of service cars
Reusing waste and non-conforming equipment⁷	<ul style="list-style-type: none"> Assembled 39 computers using effective components of waste computers throughout the year. 749 toner cartridges were recycled and processed by the supplier, instead of being discarded directly. Sold usable but less conforming used equipment. In the past year, 70 pieces of used equipment were put in the E-family Banking Mall for sale, effectively reducing office waste.

Table: Data of emissions⁸

Indicator	Unit	2021	2020	2019
Direct GHG emissions (Scope I)	CO ₂ equivalent (t)	335.55	324.27	303.38
Indirect GHG emissions (Scope II)	CO ₂ equivalent (t)	16,420.28	19,248.64	19,243.60
Total GHG emissions (Scope I and Scope II)	CO ₂ equivalent (t)	16,755.83	19,572.91	19,546.98
GHG emissions density	CO ₂ equivalent (t/m ²)	0.15	0.18	0.17
Household waste	Ton	1,656.50	1,380.30	1,718.15
Kitchen waste	Ton	344.00	425.00	364.18
Quantity of discarded electronic information products	Ton	0	49.07	0.14

7. The statistics cover the Head Office.

8. The statistics cover the Head Office. (1) The electricity CO₂ conversion factor was calculated based on China's average grid CO₂ emission factor of 0.5839 tCO₂/MWh specified in the Corporate Greenhouse Gas Emissions Accounting Methodology and Reporting Guidelines: Power Generation Facilities issued by the Ministry of Environmental Protection; (2) Non-hazardous wastes generated during the reporting period were disposed as required — domestic waste and kitchen waste were disposed by a hired waste treatment company, and waste electronic products were recycled by suppliers; The five indicators of domestic waste generation, kitchen waste generation, waste electronic information products, total non-hazardous waste discharge and non-hazardous waste discharge per unit area refer to the "Measurement and Charge Management of Non-resident Domestic Waste Disposal in Hangzhou City" Measures (Hangcheng Management Committee [2017] No. 195), and the data in 2020 and 2019 are adjusted accordingly; (3) hazardous were mainly toner cartridges which were calculated at 0.8 kg (gross weight)/pc.

Total discharge amount of non-hazardous waste	Ton	2,000.50	1,854.37	2,082.47
Discharge of non-hazardous waste per unit area	t/m ²	0.0179	0.0166	0.0186
Total hazardous waste amount	Ton	0.5992	0.0952	0.0896
Discharge amount of hazardous waste per unit area	t/m ²	0.0000054	0.0000009	0.0000008

2. Use of resources

We promoted green offices throughout the bank, and strove to reduce resource consumption and improve energy efficiency through continuous education and effective management.

Table: Resource efficiency measures

Strengthening the management of air conditioners	<ul style="list-style-type: none"> The Head Office Data Center reasonably adjusted the operation mode of terminal precision air conditioners to improve heat exchange efficiency and reduce energy consumption; added end caps to cabinets in the data center's server room to improve the efficiency of cold air; and sealed doors of rooms reached by the AC system to reduce the loss of cold air. Controlled the use of ventilation system. When the outdoor temperature is lower than the indoor temperature, run the system at high frequency; when the outdoor temperature and humidity are too high, turn off the system. Controlled the use of air conditioners in sophisticated server rooms. When the outdoor temperature is below 25°C, turn off the air conditioners in sophisticated server rooms. If employees need to work on holidays or weekends, air conditioners shall consume the least amount of electricity, to save electricity as much as possible. Specified that "AC temperature shall be set not higher than 20° in winters, and not less than 26°C in summers".
Improving buildings' energy efficiency	<ul style="list-style-type: none"> Measured and analyzed the water, electricity and gas consumption of buildings on a monthly basis, to strictly control energy consumption. Posted water conservation signals to remind employees to use as needed, thus reducing waste. Property management companies manually adjusted the triangular valves of basins on each floor from time to time to control water consumption.

	<ul style="list-style-type: none"> Fixed damages to water and gas facilities and equipment detected during inspections and maintenance in a timely manner to eliminate the waste of water and gas.
Saving electricity for public lighting	<ul style="list-style-type: none"> Specified that lights in bathrooms and public passages shall be turned off if natural light is sufficient. Adjusted the time to turn on and turn off outdoor lights such as billboard lights and peripheral streetlights according to the change of the season. Lights in the server rooms of office buildings can only be turned on during maintenance and inspections. After employees leave work, lights were turned off except for necessary ones, and regular inspections were conducted.

Table: Information of resources and energy consumption⁹

Indicator	Unit	2021	2020	2019
Diesel consumption	Liter	6,587.00	1,825.00	14,392.00
Gasoline consumption	Liter	20,409.86	17,013.08	/
Natural gas consumption	m ³	125,071.00	129,081.95	102,483.16
Total office power consumption	MWh	27,916.18	27,239.71	23,722.39
Total energy consumption	MWh	37,461.60	31,004.91	23,718.70
Energy consumption per unit area	MWh/m ²	0.34	0.28	0.21
Total office water consumption	Ton	171,454.00	147,436.00	120,619.00
Water consumption per unit area	t/m ²	1.53	1.32	1.08

3. Environment and natural resources

In terms of business activities, to reduce material impact on the environment and natural resources, we strengthened environmental and social risk management for key industries, customers and projects, and incorporated environmental factors into the comprehensive risk management framework (for more details, please refer to “CSR Topic II: Contributing to the “Dual Carbon” goal Through Green Finance”). We

9. The statistics cover the Head Office

gave credit priority to government-supported green industries, and prudently entered traditional high-carbon industries. Moreover, we incorporated environmental governance compliance, pollution control performance, and environmental protection into loan approval, and strictly limited credit in industries with large energy consumption, heavy emissions and serious overcapacity. As of the end of 2021, the balance of loans to industries with large energy consumption, heavy emissions and serious overcapacity was RMB 46.467 billion.

In terms of daily operations, we improve the energy efficiency of buildings, and reduced pollutants and unreasonable use of energy resources. Moreover, we further promoted carbon peaking and neutrality to build a low-carbon brand image, and promoted online and paperless offices.

Table: Green finance and green operations

Indicator	Unit	2021	2020	2019
Green finance				
Green loan balance	RMB (100 million)	1,042.44	785.26	538.78
Balance of loans to environmental industries	RMB (100 million)	1,276.07	1,226.46	1,076.06
Green operations				
Percentage of outlets covered by new intelligent banking machines	/	100%	100%	100%
Number of e-banking transactions	10 thousand	22,320.41	21,527.01	22,514.62
Number of Internet transactions	10 thousand	12,158.59	12,125.44	15,036.22
Number of tel-banking transactions	10 thousand	7.59	7.17	9.32
Number of mobile transactions	10 thousand	9,813.05	9,027.87	7,026.21
Rate of e-banking substitution	/	99.70%	99.49%	99.03%
Value of e-transactions	RMB trillion	19.52	17.07	12.40
Value of Internet transactions	RMB trillion	17.25	15.41	11.77
Value of mobile transactions	RMB trillion	2.26	1.65	0.63

Video device coverage ¹⁰	/	100.00%	100.00%	43.10%
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4. Climate change

CZBank actively responded to climate change-related issues. To address the potential impacts of climate change, we formulated the *Action Plan for Supporting Carbon Peaking and Neutrality (2021-2025)*, and set up the Leading Group for Supporting Carbon Peaking and Neutrality. Moreover, we managed environmental and social risks, optimized credit policies to address climate change-related issues, and established internal workflows on climate-related issues in accordance with HKEX's *Guidance on Climate Disclosures* (November 2021).

Workflow	Our actions
Determining the right governance structure	The Head Office set up the Leading Group for Supporting Carbon Peaking and Neutrality; departments of the Head Office appointed persons in charge; and branches (subsidiaries) set up Working Groups for Supporting Carbon Peaking and Neutralization to implement the requirements of the Head Office.
Selecting suitable scenarios and parameters within defined ranges and boundaries	Paid high attention to the financial needs of key areas such as high-carbon industry transition, development of green low-carbon industries, technological innovation in energy efficiency and emission reduction, and low-carbon production and lifestyle transition. Industries were classified into carbon peaking industries, carbon neutrality industries and negative carbon emissions industries according to the impact of carbon peaking and carbon neutrality on them, and corresponding measures were taken.
Importance of identifying climate-related risks based on qualitative/quantitative methods	Embedded environmental and social risk management into the entire credit process, including due diligence, review & approval, contract signing, loan review and post-credit management which were subject to differentiated dynamic management. Conducted environmental and social risk inspections and environmental and climate risk stress tests.

10. The statistics cover the Head Office.

<p>Identifying the impact of material climate-related risks on business activities based on their nature and geographical locations.</p>	<p>Strengthened the collection of environmental and social risk information and make environmental and social risks an important part of credit investigations; focused on environmental and social risks during the credit review & approval process, and exercised veto power on companies with poor environmental and social risk performance during credit approval; regularly evaluated the impact of environmental and social risks faced by customers on their operating conditions, and adjusted post-credit management strategies as appropriate.</p>
<p>Defining a company's parameters, indicators and targets for climate related business impact (CRBI) hotspots</p>	<p>Keep the growth rates of green loans and carbon neutrality loans above the average growth rate of the bank's loan portfolio in 2021-2025, and provide financial services around the target.</p>
<p>Gave priority to the design, implementation and monitoring of a range of targeted actions to create a basis for our climate action plan.</p>	<p>The Action Plan for Supporting Carbon Peaking and Neutrality (2021-2025) proposes more than 20 specific measures in five aspects: strengthening financial services to key industries, providing diversified financial products and services, improving "dual carbon" risk control ability, optimizing the policy guarantee mechanism, and intensifying carbon neutrality efforts. These measures constitute our general action plan to support carbon peaking and neutrality.</p>
<p>Assessing the impact on financial items</p>	<p>Developed carbon peaking and neutrality performance assessment indicators, increased the weights of such indicators in relevant assessment systems; Allocated more risk-weighted assets and credit to carbon peaking and neutrality, and highlighted the role of finance in supporting carbon peaking and neutrality in the Green Finance Assessment Program.</p>
<p>Incorporating climate-related issues into long-term business strategies</p>	<p>The Action Plan for Supporting Carbon Peaking and Neutrality (2021-2025) specifies that long-term plans shall be developed in line with national, local, and regulatory policies and requirements related to carbon peaking and neutrality.</p>

Relevant Indicators

I. HKEX Environmental, Social and Governance Report Guide

Aspect, General Disclosure and KPI	Description	Section
A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions
A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Use of resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kwh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of resources
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Use of resources

KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	The company is a financial service provider and the indicator is thus not applicable.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The company is a financial service provider and the indicator is thus not applicable.
A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Environment and natural resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment and natural resources
A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate change
B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and	Health and safety

	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and safety
KPI B2.2	Lost days due to work injury.	Health and safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and safety
B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and training
B4: Labor Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Labor standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Labor standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	There have been no cases of child labour or forced labour, thus this index is not applicable.
B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply chain management
KPI B5.1	Number of suppliers by geographical region.	Supply chain management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being	Supply chain

	implemented, how they are implemented and monitored.	management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply chain management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply chain management
B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product responsibility (health and safety, labelling and other indicators are not applicable as the company is a financial service provider)
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The company is a financial service provider and the indicator is thus not applicable.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	The company is a financial service provider and the indicator is thus not applicable.
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product responsibility
B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt	Anti-corruption

	practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community investment

II. GRI Standards for Sustainability Reporting

GRI Indicators	Interpretations	Section
General Disclosures		
G102-1	Name of the organization	About us
G102-2	Activities, brands, products, and services	
G102-3	Location of headquarters	
G102-4	Location of operations	
G102-5	Ownership and legal form	
G102-6	Markets served	
G102-7	Scale of the organization	
G102-8	Information on employees and other workers	Employment, Labour standards
G102-9	Supply chain	Supply chain management
G102-10	Significant changes to the organization and its supply chain	Supply chain management
G102-11	Precautionary principle or approach	Comprehensive risk control management
G102-12	External initiatives	Notice About Report Preparation
G102-13	Membership of associations	Honors and Awards
Strategy		
G102-14	Statement from senior decision-maker	Overview, Board of Directors Statement
G102-15	Key impacts, risks, and opportunities	Overview, Board of Directors Statement
Ethics and integrity		
G102-16	Values, principles, standards, and norms of behavior	Social responsibility management
G102-17	Mechanisms for advice and concerns about ethics	Social responsibility management
Governance		
G102-18	Governance structure	Corporate governance
G102-19	Delegating authority	Corporate governance
G102-20	Executive-level responsibility for economic, environmental, and social topics	Social responsibility management
G102-21	Consulting stakeholders on economic, environmental, and social topics	Communication with stakeholders

G102-22	Composition of the highest governance body and its committees	Corporate governance
G102-23	Chair of the highest governance body	See the annual report
G102-24	Nominating and selecting the highest governance body	See the annual report
G102-25	Conflicts of interest	See the annual report
G102-26	Role of highest governance body in setting purpose, values, and strategy	Social responsibility management
G102-27	Collective knowledge of highest governance body	Social responsibility management
G102-28	Evaluating the highest governance body's performance	See the annual report
G102-29	Identifying and managing economic, environmental, and social impacts	Social responsibility management
G102-30	Effectiveness of risk management processes	Comprehensive risk control management
G102-31	Review of economic, environmental, and social topics	Social responsibility management
G102-32	Highest governance body's role in sustainability reporting	Board of Directors Statement, Social responsibility management
G102-33	Communicating critical concerns	Communication with stakeholders
G102-34	Nature and total number of critical concerns	Analysis of material issues
G102-35	Remuneration policies	Employment, See the annual report
G102-36	Process for determining remuneration	Employment, See the annual report
G102-37	Stakeholders' involvement in remuneration	See the annual report
G102-38	Annual total compensation ratio	See the annual report
G102-39	Percentage increase in annual total compensation ratio	See the annual report
Stakeholder engagement		
G102-40	List of stakeholder groups	Communication with stakeholders
G102-41	Collective bargaining agreements	Not Applicable
G102-42	Identifying and selecting stakeholders	Communication with stakeholders
G102-43	Approach to stakeholder engagement	Communication with stakeholders
G102-44	Key topics and concerns raised	Communication with stakeholders

Reporting practice		
G102-45	Entities included in the consolidated financial statements	See the annual report
G102-46	Defining report content and topic boundaries	Notice About Report Preparation
G102-47	List of material topics	Analysis of material issues
G102-48	Restatements of information	Notice About Report Preparation
G102-49	Changes in reporting	Notice About Report Preparation
G102-50	Reporting period	Notice About Report Preparation
G102-51	Date of most recent report	Notice About Report Preparation
G102-52	Reporting cycle	Notice About Report Preparation
G102-53	Contact point for questions regarding the report	Notice About Report Preparation
G102-54	Claims of reporting in accordance with the GRI Standards	Notice About Report Preparation
G102-55	GRI content index	GRI Standards for Sustainability Reporting
G102-56	External assurance	Independent Assurance Report
Management approach		
G103-1	Explanation of the material topic and its boundary	Analysis of material issues
G103-2	The management approach and its components	Governance performance
G103-2	Evaluation of the management approach	See the annual report
GRI 201 Economic Performance		
G201-1	Direct economic value generated and distributed	Overview
G201-2	Financial implications and other risks and opportunities due to climate change	CSR Topic II
G201-3	Defined benefit plan obligations and other retirement plans	Employment
G201-4	Financial assistance received from government	Undisclosed
Market Presence		
G202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Undisclosed

G202-2	Proportion of senior management hired from the local community	Undisclosed
Indirect Economic Impacts		
G203-1	Infrastructure investments and services supported	CSR Topic I
G203-2	Significant indirect economic impacts	CSR Topic I, CSR Topic II
Procurement Practices		
G204-1	Procurement Practices	Supply chain management
Anti-corruption		
G205-1	Operations assessed for risks related to corruption	Anti-corruption
G205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption
G205-3	Confirmed incidents of corruption and actions taken	Anti-corruption
Anti-competitive Behavior		
G206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not Applicable
GRI 301 Materials		
G301-1	Materials used by weight or volume	Use of resources
G301-2	Recycled input materials used	Emissions
G301-3	Reclaimed products and their packaging materials	Not Applicable
Energy		
G302-1	Energy consumption within the organization	Use of resources, Environment and natural resources
G302-2	Energy consumption outside of the organization	Use of resources, Environment and natural resources
G302-3	Energy intensity	Use of resources
G302-4	Reduction of energy consumption	Use of resources
G302-5	Reductions in energy requirements of products and services	Use of resources, Environment and natural resources
Water		
G303-1	Water withdrawal by source	Not Applicable
G303-2	Water sources significantly affected by withdrawal of water	Not Applicable
G303-3	Water recycled and reused	Use of resources
Emissions		
G305-1	Direct (Scope 1) GHG emissions	Emissions

G305-2	Energy indirect (Scope 2) GHG emissions	Emissions
G305-3	Other indirect (Scope 3) GHG emissions	Undisclosed
G305-4	GHG emissions intensity Emissions	Emissions
G305-5	Reduction of GHG emissions	Emissions
G305-6	Emissions of ozone-depleting substances (ODS)	Not Applicable
G305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Not Applicable
Effluents and Waste		
G306-1	Water discharge by quality and destination	Not Applicable
G306-2	Waste by type and disposal method	Emissions
G306-3	Significant spills	Not Applicable
G306-4	Transport of hazardous waste	Not Applicable
G306-5	Water bodies affected by water discharges and/or runoff	Not Applicable
Environmental Compliance		
G307-1	Non-compliance with environmental laws and regulations	Not Applicable
Supplier Environmental Assessment		
G308-1	New suppliers that were screened using environmental criteria	Supply chain management
G308-2	Negative environmental impacts in the supply chain and actions taken	Supply chain management
GRI 401 Employment		
G401-1	New employee hires and employee turnover	Employment
G401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employment
G401-3	Parental leave	Employment
Labor/Management Relations		
G402-1	Minimum notice periods regarding operational changes	Undisclosed
Occupational Health and Safety		
G403-1	Workers representation in formal joint management-worker health and safety committees	Not Applicable
G403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Health and safety
G403-3	Workers with high incidence or high risk of diseases related to their occupation	The company is a financial service provider and the indicator is thus not applicable
G403-4	Health and safety topics covered in formal agreements with	Not Applicable

	trade unions	
Training and Education		
G404-1	Average hours of training per year per employee	Development and training
G404-2	Programs for upgrading employee skills and transition assistance programs	Development and training
G404-3	Percentage of employees receiving regular performance and career development reviews	Undisclosed
Diversity and Equal Opportunity		
G405-1	Diversity of governance bodies and employees	Corporate governance, Employment
G405-2	Ratio of basic salary and remuneration of women to men	Undisclosed
Non-discrimination		
G406-1	Incidents of discrimination and corrective actions taken	Not Applicable
Freedom of Association and Collective Bargaining		
G407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not Applicable
Child Labor		
G408-1	Operations and suppliers at significant risk for incidents of child labor	Not Applicable
Forced or Compulsory Labor		
G409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not Applicable
Security Practices		
G410-1	Security personnel trained in human rights policies or procedures	Not Applicable
Rights of Indigenous Peoples		
G411-1	Incidents of violations involving rights of indigenous peoples	Not Applicable
Human Rights Assessment		
G412-1	Operations that have been subject to human rights reviews or impact assessments	Not Applicable
G412-2	Employee training on human rights policies or procedures	Not Applicable
G412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Not Applicable
Local Communities		
G413-1	Operations with local community engagement, impact assessments, and development programs	Community investment
G413-2	Operations with significant actual and potential negative	Not Applicable

	impacts on local communities	
Supplier Social Assessment		
G414-1	New suppliers that were screened using social criteria	Supply management chain
G414-2	Negative social impacts in the supply chain and actions taken	Supply management chain
Public Policy		
G415-1	Political contributions	Not Applicable
Customer Health and Safety		
G416-1	Assessment of the health and safety impacts of product and service categories	Product responsibility
G416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not Applicable
Marketing and Labeling		
G417-1	Requirements for product and service information and labeling	Not Applicable
G417-2	Incidents of non-compliance concerning product and service information and labeling	Not Applicable
G417-3	Incidents of non-compliance concerning marketing communications	Not Applicable
Customer Privacy		
G418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not Applicable
Socioeconomic Compliance		
G419-1	Non-compliance with laws and regulations in the social and economic area	Not Applicable

Independent Assurance Report



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Independent Assurance Report on the Social Responsibility Report

安永华明(2022)专字第60719320_A01号
China Zheshang Bank Company Limited

To the Board of Directors of China Zheshang Bank Company Limited

We have been engaged to express a limited assurance opinion on the selected data as at 31 December 2021 and for the year then ended in the 2021 Annual Corporate Social Responsibility Report prepared by the China Zheshang Bank Company Limited (the "China Zheshang Bank").

Selected Data

The selected data in the Social Responsibility Report of China Zheshang Bank for 2021 that is covered by this report is as follows:

- Balance of loans to MSEs (RMB 100 million)
- Customer satisfaction rate of the 95527 hotline service(%)
- Rate of e-banking substitution (%)
- Donations(RMB 10 thousand)
- Green loan balance(RMB 100 million)
- Large Agricultural loan balance (RMB 100 million)
- Percentage of female employees(%)
- Social insurance coverage rate(Head Office) (%)
- Number of employees participating in the trainings (Number)
- Training time per employee(hour)
- Total office water consumption (Head Office) (ton)
- Total office power consumption (Head Office) (MWh)
- Total discharge amount of non-hazardous waste (Head Office) (ton)

Our assurance was with respect to the selected data as at 31 December 2021 and for the year then ended only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2021 Social Responsibility Report.

Criteria applied by the Bank

The criteria used by the bank to prepare the selected data in the 2021 Social Responsibility Report is set out in the "Reference Standard" of the selected data (the "reference standard") within the "Notice About Report Preparation" of the 2021 Social Responsibility Report.



Independent Assurance Report on the Social Responsibility Report

安永华明(2022)专字第60719320_A01号
China Zhesang Bank Company Limited

The Board of Directors' Responsibilities

The Board of Directors of the bank are responsible for selecting the reference standard, and for presenting the selected data in accordance with the reference standard within the 2021 Social Responsibility Report, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the selected data, such that it is free from material misstatement, whether due to fraud or error.

Our Responsibilities

Our responsibility is to express a conclusion on the presentation of the selected data as at 31 December 2021 and for the year then ended in the 2021 Social Responsibility Report based on the evidence we have obtained.

We conducted our engagement in accordance with *International Standard on Assurance Engagements 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. The standard require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the selected data in the Social Responsibility Report is presented in accordance with the reference standard, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants. Our team has required competencies and experience for this assurance engagement. And we have complied with the quality control requirements of the International Standard on Quality Control 1.





Independent Assurance Report on the Social Responsibility Report

安永华明(2022)专字第60719320_A01号
China Zheshang Bank Company Limited

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems. A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the selected data in the Social Responsibility Report and related information, and applying analytical and other appropriate procedures.

Our work was performed at the Head Office of China Zheshang Bank, which includes:

- 1) Interviews with management and personnel in the departments involved in providing information for inclusion in the 2021 Social Responsibility Report in relation to the selected data,
- 2) Analytical procedures,
- 3) Examination, on a test basis, of documentary evidence,
- 4) Recalculation,
- 5) Other procedures deemed necessary.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the selected data as at 31 December 2021 and for the year then ended in the 2021 Social Responsibility Report, in order for it to be in accordance with the reference standard.

18/11/2022 14:00:00



Independent Assurance Report on the Social Responsibility Report

安永华明(2022)专字第80719320_A01号
China Zhesang Bank Company Limited

Restricted use

Our report has been prepared for and only for the board of directors of China Zhesang Bank and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.


Ernst & Young Hua Ming LLP
Beijing, China
25 March 2022



Feedback From Readers

Dear readers:

Thank you for reading the *CZBank 2021 Corporate Social Responsibility Report*. We value and look forward to hearing your feedback on CZBank's social responsibility management, practices and report. Your comments and suggestions are an important basis for us to continue to promote CSR management and practice. We are looking forward to your reply.

Single choice questions (Please check [v] in the box)

1. Do you think the report can reflect the material impacts of CZBank on the economy, society and environment?

Yes. Maybe No

2. Do you think the report identifies stakeholders and analyzes their relationships with CZBank accurately and comprehensively?

Yes. Maybe No

3. Do you think the report provides sufficient information?

Yes. Maybe No

4. Do you think information provided in the report is readable?

Yes. Maybe No

Open-ended question

Do you have any other comments and suggestions on the *CZBank 2021 Corporate Social Responsibility Report*?

Your contact information

Name:

Organization:

Position:

Phone:

E-mail:

Fax: