



盛京銀行  
SHENGJING BANK

Shengjing Bank Co., Ltd.\*

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

Stock Code: 02066



2021  
Environmental, Social and  
Governance Report

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

# About this Report

This report describes the performance and achievements of Shengjing Bank Co., Ltd. (hereinafter referred to as “Shengjing Bank”, “the Bank”, “our Bank” or “we”) in fulfilling its social responsibility in economic, social and environmental areas in 2021.

## Reporting period

The reporting period is from 1 January 2021 to 31 December 2021.

## Reporting cycle

This report is prepared annually.

## Reporting scope

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

## Basis of preparation

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

Sustainability Reporting Guidelines of the Global Reporting Initiative (G4.0)

Opinions of the General Office of the China Banking and Insurance Regulatory Commission on Strengthening the Social Responsibility of Banking Financial Institutions

Guidelines of the Shanghai Stock Exchange on Environmental Information Disclosure of Listed Companies

Guidelines of the China Banking Association on the Corporate Social Responsibility of Banking Institutions of China

## Collection of information

The financial information in this report is partly based on the 2021 financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) and audited by KPMG. Other information is sourced from statistical data of the Bank’s internal systems and branches. Cases cited are real cases in the Bank’s operations. Unless otherwise stated, Renminbi is the functional currency throughout the report.

## Assurance approach of the report

The Board of Directors of Shengjing Bank Co., Ltd. undertakes that the information in this report contains no false record, misleading statement or material omission, and assumes liabilities for the authenticity, accuracy and completeness of the information in this report. KPMG Huazhen LLP was appointed to perform independent limited assurance on the report in accordance with the International Standards on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and the firm issued an assurance report.

## Issuance form

This report has been issued in print form and has been published on <http://www.shengjingbank.com.cn> and <http://www.hkexnews.hk>.

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

## Preparer of the report

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# A Message from the Chairman of the Board of Directors

2021 stands out as a year of milestone significance in Shengjing Bank's history. Against the backdrop of the complex and ever-changing external environment, the Bank closely adhered to the strategic vision to "Build A Sound Bank", with a focus on serving economic and social development. The bank proactively align its operations with major strategies and decisions made at the provincial and municipal levels, steadily improved its ability to serve the real economy, focused on inclusive financial services, and proactively practised its social responsibilities as a financial enterprise, with the goal of ushering in a new stage of intensive high-quality development.

## **Injecting development momentum into the regional economy**

In 2021, by fully leveraging its role as a major player in the region's financial industry, Shengjing Bank firmly supported major national development strategies and continued to increase support for the local economy, such as by providing enterprises with diversified and customised financial services and helping them transform and upgrade. The Bank takes multiple measures to help solve the financing problems of small and micro enterprises, such as providing innovative financial products and accurate service solutions. We also proactively implement policies that reduce financing costs for the real economy and cut fees and charges to lend a helping hand to enterprises that are facing difficulties. The Bank conscientiously implements inclusive finance policies by setting up special inclusive finance counters and continuously increasing the supply of inclusive credit; and consequently, the growth rate of the Bank's inclusive finance business recently reached a record high. The Bank has integrated the concept of green environmental protection into various business management activities, and we have also expanded credit investment in the low-carbon economy in an effort to boost the development of the green economy, recycling economy and low-carbon economy.

## **Caring for urban and rural residents, and increasing financial support for people's livelihood**

In 2021, with its positioning as "A Bank for Our Citizens", Shengjing Bank focused on the new needs of urban and social development, promoted innovation in service concepts and methods, and increased financial investment in basic industries such as water, electricity, gas, heating and other areas related to people's livelihood, as well as medical care and education. The Bank has fully launched the transformation and upgrading of its large-scale retail business so as to efficiently promote the new model of all-product, all-channel, all-scenario, integrated and digital retail banking. We have increased investments in financial technology and innovative financial products so that customers can enjoy secure, convenient and efficient services at any time anywhere. With these efforts, the Bank has been able to create long-term internal growth momentum.

## **Strengthening risk management and embedding sustainable development concepts in the Bank's operations**

In 2021, Shengjing Bank adhered to its "Comprehensive, Shared, Sound and Prudent" risk culture, continued to improve its comprehensive risk management system focusing on credit risk management, and steadily strengthened internal control management focusing on the authorisation system. The Bank has formulated an action plan for strengthening comprehensive risk management and internal control compliance, with specific goals, clear paths and systematic approaches for promoting risk and internal control compliance across the Bank, laying a solid foundation for high-quality development. We have consolidated compliance management by adhering to a sound and prudent operating model, with the business philosophy of "Operating in Compliance with Regulations" deeply rooted in the hearts of each and every employee of the Bank.

## **Proactively giving back to society and spreading "Love and Sympathy"**

In 2021, Shengjing Bank proactively participated in public charities, such as by making donations to the families of martyrs from the provincial and municipal public security authorities, the Disabled Persons Welfare Foundation of Shenyang, and role models of boldness and uprightness from the Politics and Law Committee of Shenyang. We also assisted in poverty alleviation, continued to implement the poverty alleviation policies of the Shenyang Municipal Party Committee and Municipal Government, and carried out targeted poverty alleviation work. Besides, the Bank staged extensive financial knowledge publicity and educational activities so as to improve consumers' awareness of risk responsibilities and risk management capabilities and strengthen the protection of consumers' rights and interests. In response to the pandemic, the Bank implemented coordinated measures for pandemic prevention and control, as well as for daily operations and management, making every effort to protect the health and safety of customers and employees and convey the power of love and warmth.

The year 2022 marks the beginning of the second centenary journey. As we continue on the path toward building a sound bank, Shengjing Bank will enter a new stage in its implementation of new development concepts and continue to promote sustainable development. We firmly believe that Shengjing Bank will achieve comprehensive and high-quality development under the strong leadership of Party committees and governments at all levels, together with the guidance of regulatory authorities, the strong support of society as a whole, and the joint efforts of all the Bank's employees!

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

# 1. About Us

## 1.1 COMPANY PROFILE

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

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

Our strategic vision is to build a sound bank, and we adopt a business philosophy that stresses deposit-taking, compliance, talent and technology. We value the working styles of professionalism, collaboration, pragmatism and efficiency. With our forward-looking strategic positioning, market-based systems and mechanisms, unique business systems and robust operational capabilities, we have achieved a balance between size, quality and cost-effectiveness in our development.

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

Shengjing Bank focuses on promising industries and strategic customer groups and promotes industry-specific financial strategies. The Bank adopts a service model centred around financing, resource integration, capital operations and asset management, and focuses on product portfolios including investment banking, transaction banking, asset management, government finance and public-private partnerships. In this regards, we are able to provide a full range of services for high-quality customers and their upstream and downstream enterprises and offer professional and integrated financial service solutions for customers.

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

Shengjing Bank proactively promotes financial inclusion and has established a Financial Service Centre for Small and Micro Enterprises. The Bank has also increased financial support for small enterprises. With a comprehensive service system, a wide range of offerings and a rigorous risk management system, we are in a good position to provide diversified, one-stop financing services for small and micro enterprises of different types and stages of development.

# 1. About Us (Continued)

## 1.2 HONOURS AND AWARDS

By leveraging on our good market image, outstanding management capability, and extraordinary business performance, the Bank has won significant praise from the market. The Bank was ranked 148th on the Top 1000 World Banks 2021 by The Banker, and was awarded the Best Investment Value Award of the “2021 China Financing Grand Prize”, the 2021 Brand-Building Award, the 2021 Excellent Mobile Banking award, the 2021 Outstanding Regional Commercial Bank award under the “Online Banking Industry Selection in China” together with other numerous awards.



Honours and Awards	Awarders
Ranked 148th in the Top 1000 Global Banks	The Banker Magazine
“2021 China Financing Grand Prize” Best Investment Value Award	China Financing (《中國融資》)
2021 Brand-Building Award	21st Century Business Herald
2021 Excellent Mobile Banking	China Investment Network
“China Internet Banking Industry Awards” Outstanding Regional Commercial Bank in 2021	China Finance (《中國財經》)
“Jin Qiao Awards” Commercial Bank with the Best Investment Value of the Year	Investor Network
2021 Bank of Competitiveness and Value	China Business Journal
“2021 China Golden Tripod Awards” Annual Award for Banks Supporting Local Economic Development	National Business Daily
“The 5th Retail Banking Innovation Awards” Award for Top 10 Retail Banks – City Commercial Banks	Retail Banking (《零售銀行雜誌》)
“Golden Prestige Awards” Outstanding Wealth Management Product – Cash Management “Golden Prestige Awards” Outstanding Investment Returns Bank	PYStandard
Best Credit Card User Experience of the Year	Financial Digital Development Alliance
Remote Banking Centre in the Credit Card Centre “Excellent Exemplar in the Banking Industry”	Customer Observations (《客戶觀察》)
2021 Excellent Exemplar of Financial Services for Small, Medium and Micro Enterprises	Organising Committee of the China Small and Medium Enterprises Investment & Finance Expo
2021 Outstanding Contribution Award	City Commercial Banks Clearing
Annual Market Influence Award – Core Traders Annual Market Influence Award – Money Market Traders Market Innovation Award – X-Repo	National Interbank Funding Centre
Excellent Organisation for Collateral Management Services	China Central Depository & Clearing Co., Ltd.
Leading Pioneer Organisation for Party Building in Liaoning in 2021	Liao shen Evening News (《遼瀋晚報》)
Financial Enterprises Making an Outstanding Contribution to Local Economic Development in 2021	National Alliance of Provincial Party Newspapers

# 1. About Us (Continued)

## 1.3 KPIS



Type of KPI	Name of KPI	Unit	2021	2020
Economic KPIs	Operating income	RMB 100 million	154.67	162.67
	Net profit	RMB 100 million	4.31	12.32
	Basic earnings per share	RMB	0.05	0.14
	Total assets	RMB 100 million	10,061.26	10,379.58
	Total deposits	RMB 100 million	7,370.33	6,814.05
	Total loans	RMB 100 million	5,860.33	5,470.63
	Return on average total assets	%	0.04	0.12
	Return on equity	%	0.54	1.55
	Non-performing loan ratio	%	3.28	3.26
	Provision coverage ratio	%	130.87	114.05
Capital adequacy ratio	%	12.12	12.23	
Social KPIs	Total taxes paid	RMB100 million	45.57	33.41
	Total charitable funds	RMB 10,000	537	528
	Balance of loans to small and micro enterprises	RMB100 million	1,339.58	1,473.47
	Social contribution per share*	RMB	4.16	4.02
	Total number of employees	Person	8,099	7,556
	Proportion of female employees	%	55.08	54.84
	Number of trainings per person per year	In number	82	83
Environmental KPIs	Balance of green credit	RMB 100 million	75.17	75.13
	e-Banking replacement ratio	%	87	85
	Head office power consumption	10,000 kWh	396.77	315.60
	Head office water consumption	Ton	52,890	55,979
	Head office natural gas consumption	M <sup>3</sup>	24,473	22,355
	Head office paper consumption	1 million sheets	3.75	2.11
	Head office oil consumption**	L	64,580	71,713

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

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



## 2 Meeting Our Responsibilities and Engaging in Proactive Communication

### 2.1 SOCIAL RESPONSIBILITY CONCEPTS

Shengjing Bank is focusing on the strategic vision to "Build a Sound Bank" and resolutely implementing the spirit of the documents released by the CPC Central Committee, the State Council, the People's Bank of China, and the China Banking and Insurance Regulatory Commission. At the same time, we are adhering to the market positioning of city commercial banks by serving the local economy, serving small and medium enterprises, and serving urban and rural residents. Last but not least, we strive to stay true to our original purpose by focusing on our main businesses and building "A Bank for Our citizens and a Bank for Our City". To this end, we adopt basic banking policies that are driven by deposit-taking, compliance, talent and technology. Shengjing Bank is committed to fulfilling the business strategy of "growing deposits, developing the customer base, creating value, and enhancing capabilities". We also proactively promote strategic transformation, align our operations with the development plan for the revitalisation of northeast China, and develop scale, quality and efficiency in a balanced manner. In this way, we are progressing towards our goal of building a modern city commercial bank.

The Bank relies on strategic development goals to improve its long-term progress toward fulfilling its corporate social responsibilities. First, the Bank is stepping up efforts to serve the real economy; and maintain its customer-oriented business philosophy, the Bank is working to effectively solve difficulties around customers' capital needs, reduce corporate financing costs, and develop the Bank's business alongside its customers. Second, the Bank is implementing the concept of inclusive finance; improving financial service offerings for small, medium and micro enterprises; and enhancing business related to "Agriculture, Farmers and Rural Areas", as well as other sectors that are facing headwinds. Third, the Bank is strengthening consumer rights protections and making every effort to improve the quality and efficiency of consumer protection. Fourth, Shengjing Bank is providing innovative green financial products and services to clients and taking measures to ensure that green finance plays a more active role in national and regional development strategies.

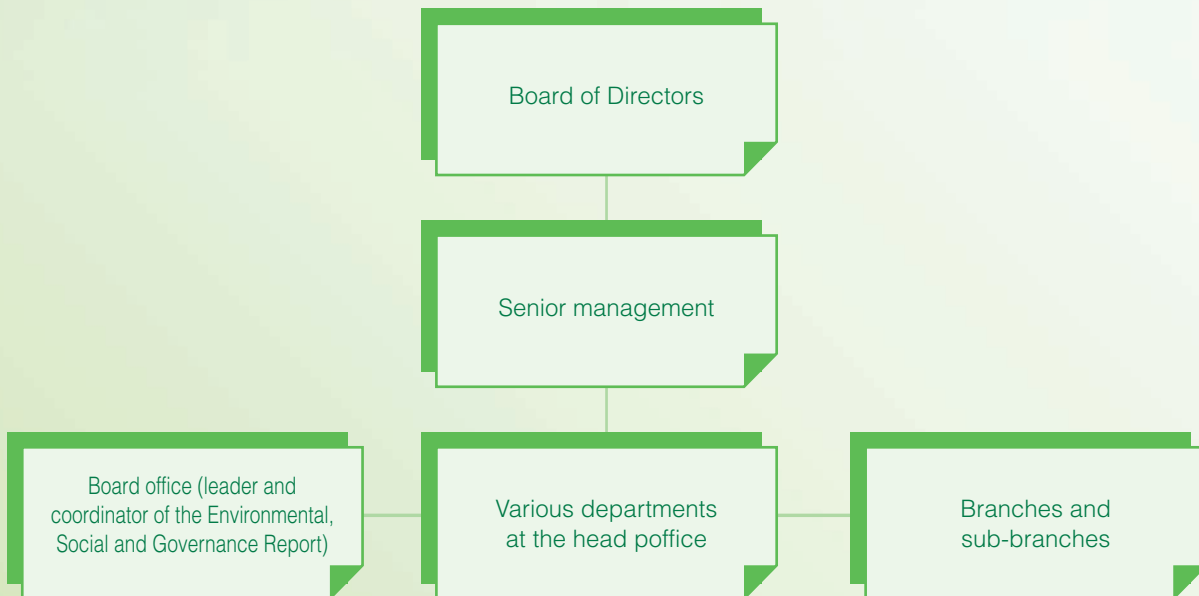


## 2 Meeting Our Responsibilities and Engaging in Proactive Communication

### 2.2 SOCIAL RESPONSIBILITY MANAGEMENT AND PRACTICES

In addition to achieving sustainable and stable development, the Bank actively fulfils its social responsibility and embeds social responsibility concepts into every aspect of its business operations. Shengjing Bank's social responsibility work is guided by the Board of Directors, supervised by senior management, led and coordinated by the Board office and executed by the departments at the head office and branches. The departments collaborate and coordinate with each other to perform social responsibility-related work.

As the lead coordinating department for ESG reports, the Board Office assists the Board of Directors in identifying, evaluating and prioritising important environmental, social and governance issues of the Bank, and reports such issues to the Board of Directors for materiality analysis so as to establish the Bank's ESG-related objectives and to help-monitor the implementation of the relevant objectives.




**Social Responsibility Management Structure**






## 2 Meeting Our Responsibilities and Engaging in Proactive Communication

### 2.3 SOCIAL RESPONSIBILITY COMMUNICATION

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

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

## 2 Meeting Our Responsibilities and Engaging in Proactive Communication

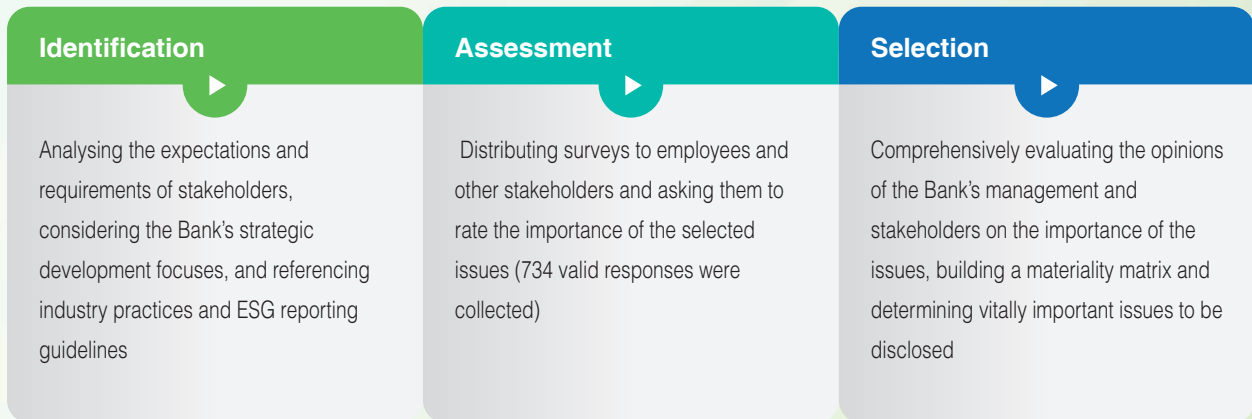
Stakeholders	Expectations and requirements	Means of communication	Responses and measures
 <b>Employees</b>	<ul style="list-style-type: none"> <li>• Improve employee benefits</li> <li>• Protect the rights and interests of employees</li> <li>• Provide professional training and career development</li> </ul>	<ul style="list-style-type: none"> <li>• Trade unions</li> <li>• General meetings of employee representatives</li> <li>• Visits and interviews</li> <li>• Professional training</li> </ul>	<ul style="list-style-type: none"> <li>• Improve the compensation and welfare system</li> <li>• Enhance employee training</li> <li>• Care for employees</li> </ul>
 <b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Fair procurement</li> <li>• Honesty and integrity</li> <li>• Cooperation and win-win outcomes</li> </ul>	<ul style="list-style-type: none"> <li>• Negotiations</li> <li>• Cooperation agreements</li> <li>• Tendering and bidding</li> </ul>	<ul style="list-style-type: none"> <li>• Improve the procurement management system</li> <li>• Enhance business cooperation</li> </ul>
 <b>Partners</b>	<ul style="list-style-type: none"> <li>• Mutually beneficial cooperation</li> <li>• Communication and exchanges of ideas with industry peers</li> </ul>	<ul style="list-style-type: none"> <li>• Seminars</li> <li>• Project cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Surveys and on-site visits</li> <li>• Enhanced exchanges with industry peers</li> </ul>
 <b>Communities</b>	<ul style="list-style-type: none"> <li>• Organise community activities</li> <li>• Help vulnerable groups</li> </ul>	<ul style="list-style-type: none"> <li>• Visits and interviews</li> <li>• Community service activities</li> </ul>	<ul style="list-style-type: none"> <li>• Public donations</li> <li>• Organise community activities</li> <li>• Organise employee volunteer activities</li> </ul>
 <b>Environment</b>	<ul style="list-style-type: none"> <li>• Support the low-carbon economy</li> <li>• Sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>• Energy conservation and emissions reduction</li> <li>• Green finance</li> </ul>	<ul style="list-style-type: none"> <li>• Green credit</li> <li>• Green office</li> <li>• e-Banking</li> </ul>

## 2 Meeting Our Responsibilities and Engaging in Proactive Communication

### 2.4 ANALYSIS OF MATERIAL ISSUES

#### Analysis of Material Issues

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



#### Materiality Matrix



# 3 Enhancing Governance and Preventing Risk

## 3.1 Improving Corporate Governance

The Bank strengthened corporate governance and continued to improve the corporate governance structure, with the General Meeting of Shareholders as the supreme authority, the Board of Directors as the decision-making organ, the Board of Supervisors as the supervisory organ, and senior management as the executive body. Shengjing Bank has formulated rules of procedure, decision-making procedures and work systems for the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, senior management and their subsidiary authorities; and the Bank has formed a sound governance structure with clearly assigned authorities and responsibilities and effective checks and balances.



Shengjing Bank's Organisational Structure

## 3 Enhancing Governance and Preventing Risk (Continued)

During the reporting period, the Bank held one General Meeting of the Shareholders, which approved the following eight resolutions: the 2020 Annual Work Report of the Board of Directors, the 2020 Annual Work Report of the Board of Supervisors, the 2020 Annual Financial Accounts Report, the 2021 Annual Financial Budget Report, the 2020 Annual Profit Distribution Plan, the auditor appointment for 2021, the general mandate to issue new shares and the proposed issuance of financial bonds.

As at the disclosure date of this report, the Board of Directors of the Bank consisted of 11 directors, among whom four were executive directors, two were non-executive directors and five were independent non-executive directors. Independent non-executive directors accounted for no less than one-third of the total number of directors on the Board. The Board of Directors had five special committees: the Audit Committee, the Nomination and Remuneration Committee, the Strategic Development Committee, the Related-Party Transaction Control Committee, and the Risk Control and Consumer Rights Protection Committee. During the reporting period, the Bank held five meetings of the Board of Directors (including voting Social Responsibility Communication), which reviewed and approved 45 proposals and at which the discussion of three matters were heard.

As at the disclosure date of this report, the Board of Supervisors had eight members, including two shareholder representatives supervisors, three employee representatives supervisors, and three external supervisors. During the reporting period, the Board of Supervisors held altogether five meetings at which 38 proposals were reviewed and heard.

### 3.2 Enhancing Risk Management

In 2021, based on the strategic vision to “build a sound bank”, the Bank adhered to a scientific and prudent risk management strategy, continuously optimised the comprehensive risk management system, consolidated the foundation of credit risk management, enhanced the core competitiveness of risk management, and fully explored the ways that risk management can create value. During the year, the Bank clarified the duties and positions of the head office and branches, carried out systematic training and performance appraisal management, and fixed critical gaps so as to thoroughly optimise the credit risk management system. The Bank reinforced differentiated controls over institutions, regions, industries, clients, products and other areas; continued to reshape systems, policies, and procedures; focused on outstanding credit risks; strictly controlled new risks; and enhanced post-lending management and early risk warnings so as to ensure that comprehensive risk management is carried out proactively and systematically. The Bank continued to improve its asset, liability, client and business portfolios, significantly enhanced its risk information system and talent capabilities, and increased risk management controls, thereby effectively ensuring stable business operations.



The Bank attaches great importance to the development of risk management and internal control, and has established a risk management system characterised by “unified leadership, vertical management, and hierarchical responsibility” to identify, assess and manage major risks faced by the Bank. Specifically, in accordance with the Guidelines on Internal Control of Commercial Banks, the Guidelines on Compliance Risk Management of Commercial Banks and other regulations, the Bank has established a risk management and internal control system focusing on five aspects: internal environment, risk identification and assessment, internal control activities, information and communication, and internal supervision. This system aligns with the Bank’s development strategy, business scale, business scope and risk appetite. The Board of

Directors, the Board of Supervisors and the senior management of the Bank attach great importance to the effectiveness of risk management and internal control and proactively promote the rectification of identified issues, optimise systems, procedures and information technology systems, and guide the Bank’s functional departments, branches and sub-branches to reinforce risk prevention and control and raise the quality and efficiency of the Bank’s operations.

## 3 Enhancing Governance and Preventing Risk (Continued)

### 3.3 Sound and Compliance-Based Operations

In order to build a risk-based internal control culture, the Bank has established a compliance management mechanism that covers “proper conduct on the positive side, prohibited acts on the negative side, and penalties for violations”, so as to strengthen compliance awareness among all employees, cultivate a bottom-line mindset, embed compliance in the Bank’s culture, and guide all employees to follow the Bank’s code of conduct. First, we carried out a series of compliance culture activities, including the “person-in-charge giving lessons on compliance” and “all staff learning about compliance culture” activities, which covered the interpretation of new regulations and regulatory policies and analysis of the main risk points in the Bank’s business, among other areas. The materials from these activities have also been shared on the Bank’s “Shengyin Mobile Learning Platform” so that employees can access the information conveniently. In addition, as part of our efforts to publicise compliance culture information throughout the Bank, we staged a compliance-themed speech contest to promote a compliance-focused atmosphere where “everyone learns and talks about internal control, and everyone is bound by internal control”. Second, we developed the Internal Control and Compliance Manual so as to clarify risks in the internal control process and put forward effective response measures, with the goal of improving the Bank’s risk prevention and control capabilities. Third, Shengjing Bank strictly implemented the “negative list of employee behaviours” so as to clarify rules related to the illegal issuance of loans, commission broker activities, participation in private lending, involvement in other businesses, and other prohibited behaviour. Fourth, the Bank strengthened its management of employee behaviour. To this end, we identified incompatible positions, implemented measures to separate powers and ensure checks and balances, strictly implemented rules regarding matters involving relatives of the Bank’s employees, rotation of important positions and mandatory leave, and resolutely handled cases of non-compliance and violations of the rules.

#### Establishing the compliance system

In accordance with the principles of matching, effectiveness and relevance, the Bank has established relevant rules and systems, with a focus on the “10 key systems” that provide policy support for compliance management. The Bank has finished constructing the 10 key systems, which cover, among others, credit approval, asset preservation, risk management, financial management, incentives and constraints, and accountability for violations, resulting in putting in place its basic key systems. Further, the Bank has established eight institutional frameworks for corporate governance, risk management, internal control, asset preservation and other areas, all of which help the Bank ensure that it is operating in compliance with relevant laws and regulations.

The Bank has prepared the Action Plan on Improving Comprehensive Risk Management and Internal Control Compliance of Shengjing Bank (2021–2023) to strengthen its internal control and compliance management standards and to promote the Bank’s high-quality development.

#### Compliance and internal control system

The Bank’s internal control structure features a reasonable division of labour and clear responsibilities, and consists of the Board of Directors, the Board of Supervisors, senior management and the “three lines of defence”. The Board of Directors of the Bank is responsible for establishing and implementing an effective internal control system to ensure that the Bank operates prudently within the framework of laws and policies. The Board of Directors and senior management are responsible for improving the internal control system under the supervision of the Board of Supervisors. Senior management is responsible for carrying out the decisions made by the Board of Directors, formulating systems, processes and methods, and adopting corresponding risk control measures. The three lines of defence perform their respective functions, forming an internal control system of “mutual cooperation, effective checks and balances, and coordinated operations”.



## 3 Enhancing Governance and Preventing Risk (Continued)

### Internal audit

To promote internal audit management and improve the quality and standardisation of audits, the Bank has promulgated the Internal Audit Charter of Shengjing Bank Co., Ltd. (Revision), the Measures for Administration of On-site Audits of Shengjing Bank Co., Ltd. (Trial), and the Administrative Measures on Economic Responsibility Audits of Shengjing Bank Co., Ltd. (Revision), so as to implement internal audit in an independent, objective and orderly manner and continuously improve the independence and effectiveness of internal audit. The Bank conducts internal audits to promote the effective implementation of relevant economic and financial laws, regulations and rules across the Bank; guide the Bank to introduce and improve risk management, internal control and compliance, and corporate governance; and urge auditees to fulfil their duties and contribute to the Bank's strategic objectives. Internal audit operates independently of the business management, risk management, and internal control and compliance functions, and aims to assess the effectiveness of these functions. The Bank's Board of Directors has established the Audit Committee, and the Bank's Internal Audit Department is responsible to and also reports to, both the Board of Directors and the Audit Committee. Meanwhile, the Internal Audit Department is subject to the instruction, review and appraisal by the Board of Directors and the Audit Committee, the supervision by the Board of Supervisors, and the supervision and appraisal by external regulators.

### Regulation of employees' behaviour

In order to create a strong employee behaviour culture, to strengthen internal management, and to ensure that employees will act properly on a daily basis, the Bank has formulated the Employee Compliance Manual, which specifies the basic ethics, professional conduct and daily behaviours that the Bank expects of employees, and emphasises prohibited behaviours. It also introduces supervision and management systems for employee behaviour screening. We have integrated the employee code of conduct into the Bank's dynamic management of daily behaviour to form a long-term mechanism for supervising employee behaviour.

### Anti-corruption policy

In 2021, Shengjing Bank's Party Committee attached great importance to improving Party conduct, building integrity and preventing corruption. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Party Committee proactively shouldered its responsibilities for Party conduct and integrity as well as strict Party self-governance. To this end, the committee established a Party conduct and integrity management system. In this regard, work arrangements were led by the Party Committee, coordinated by the Discipline Inspection Committee, and jointly implemented by the departments and branches. The Bank comprehensively promoted strict Party self-governance, improved Party conduct and integrity, and prevented corruption. Based on the characteristics of overseas listed financial enterprises with mixed ownership, the Bank strictly enforced discipline and accountability, severely punished personnel involved in illegal and criminal activities, and resolutely fought against internal and external collusion that might infringe on Shengjing Bank's legitimate rights and interests. The Bank's Party Secretary staged various Party lectures; the Secretary of the Disciplinary Committee carried out activities such as conversations regarding anti-corruption measures, which were held with more than 100 business managers. The Bank also conducted other anti-corruption and early-warning education activities on a regular basis, so as to promote uprightness and discipline and combat pointless formalities, bureaucratism, immorality and other improper acts. Going forward, we will press forward with constructing a strong development environment and a clean atmosphere in which no one dares to be corrupt, no one is capable of being corrupt, and no one is encouraged to act corruptly. During the reporting period, the Bank was not involved in any lawsuits involving corruption, bribery or other violations of laws and regulations.

## 3 Enhancing Governance and Preventing Risk (Continued)

### Anti-corruption measures

Big data empowers risk prevention and control in various scenarios and helps the Bank identify abnormal behaviour among employees. In order to comprehensively improve the identification of abnormal employee behaviour and conduct such identifications for all employees on a quarterly basis, the Bank has developed an online system for monitoring employee behaviour, which leverages on big data and information technology to dynamically monitor the abnormal behaviour of employees, provides real-time early warnings regarding internal risks, external risks, integrity risks and abnormal employee behaviour. With these measures, the Bank has significantly improved its ability to identify abnormal employee behaviour, significantly enhanced employee awareness of the importance of complying with laws and regulations and acting with integrity, and effectively prevented risks in various situations.

Shengjing Bank regularly carries out integrity warning education. The Bank attaches great importance to developing an upright financial culture and promoting integrity and honesty. To this end, we held a number of anti-corruption conversations with members of the Bank's Board of Directors, management personnel, and various functions of the head office and branches. For example, we held conversations regarding comprehensive risk, compliance and internal control with the operational and management personnel throughout the Bank via video conference. Besides, the Bank organised special training on selected topics and invited experts from the Economic, Food and Drug Investigation Detachment of Shenyang to lecture on "legal popularisation" and discuss criminal cases involving banks in Liaoning. In addition, we held trainings during which educational films such as "National Supervision" (《國家監察》) and "Achievements of Central Inspections" (《巡視利劍》) were shown. To make training more accessible, the Bank has adopted the Shengyin Mobile Learning platform to train its employees, and has also printed and distributed the Paper on the Fifteen Prohibitions of Employee Behaviour Management to highlight 15 "red lines" and build a line of defence for maintaining professional integrity.

### Whistle-blowing processes and channels

In order to firmly safeguard the legitimate rights and interests of Shengjing Bank, resolutely crack down on various violations of laws and regulations, and create an ethical and disciplined corporate environment, all employees of the Bank may report personnel on a real-name basis who have infringed on the Bank's legitimate interests or violated laws and regulations or the Bank's rules, among other improper acts. The Supervision Office of the head office has set up "whistle-blowing channel bulletin boards" at the head office and branches to inform people of the hotline, email address, and head office postal address for whistle-blowing. Shengjing Bank promises that real-name reports will be investigated and verified in a timely manner and that reporting sources and information will be kept strictly confidential. In addition, the Bank promises that, once verified, those who committed the violations will be held accountable in accordance with relevant rules and regulations; and if they are suspected of breaking the law, they will be transferred to the courts to be held criminally responsible.

### Implementation and supervisory policies

The Bank formulated the Measures for Administration of Disciplinary Inspection and Supervision for Shengjing Bank to enhance its management of the inspection and supervision system and improve investigation and review processes. In addition, the Bank formulated the Measures for Administration of Identification of Unexpected Business Practitioner Behaviour of Shengjing Bank to regulate the behaviour of business practitioners, and the Bank released the Accountability Management Measures of Shengjing Bank to manage accountability. In this way, the Bank has gradually formed its accountability management system.

In 2021, the Bank arranged a total of five anti-corruption training sessions for employees. The trainings were designed to alert employees to corruption and guide them away from it, while also encouraging them to pursue diligence, integrity, compliance, and accountability.

### 3 Enhancing Governance and Preventing Risk (Continued)

#### Anti-money laundering management

The Bank strictly complies with anti-money laundering (AML) laws and regulations in China, and meets its statutory duties and social responsibilities in respect of AML. During the reporting period, the Bank continued to strengthen its management of money laundering risks and its implementation of anti-money laundering regulatory requirements. We enhanced the Bank's AML technological support capabilities, consolidated the results of rectification efforts, reinforced the foundation of anti-money laundering work, and improved the effectiveness of money laundering risk management. First, the Bank continued to strengthen the construction of its institutional systems; and based on its business development and risk management needs, Shengjing Bank strengthened the "internalisation of external regulations" in respect of anti-money laundering, and thoroughly implemented various anti-money laundering laws and regulations. Second, the Bank strengthened its technological support capabilities, continued to develop its intelligent AML system, optimised its monitoring model indicators, and improved its system monitoring and analysis capabilities. Third, the Bank carried out anti-money laundering training and established a regular training program in order to improve employees' anti-money laundering capabilities and build a professional AML team. Fourth, the Bank proactively used online media, offline activities, and campus events to publicise anti-money laundering information, with the aim of cracking down on telecommunication and network fraud, combating crime, and improving the public's awareness of money laundering risk. Fifth, based on the "risk-based" principle, the Bank strengthened its monitoring and control of high-risk businesses and risk management for high-risk customers and products, so as to strengthen the Bank's risk management and control capabilities.

#### Case

In order to better educate the public about financial issues and fulfil our responsibilities as a financial institution, on Teachers' Day, Shengjing Bank's Fuxin branch visited the No. 2 Senior Middle School in Fuxin Fumeng County, the Experimental Primary School in the Development Zone, and the Minzu Street Primary School to present financial lectures for both teachers and students. Through these lectures, the Bank aimed to educate the audience about financial services and the proper use of financial tools, and enhance their awareness and ability to protect their own private information, funds and property. As a result, the Bank has effectively fulfilled its social responsibilities and made contribution to build a better financial environment.



### 3 Enhancing Governance and Preventing Risk (Continued)

#### Anti-fraud publicity

Telecommunication fraud is a new type of crime that can be perpetrated at a low cost, and it is constantly evolving. For this reason, it is more difficult to crack down on telecommunication fraud. It has also gradually becoming a prominent problem relating to social and public order. Telecommunication fraud not only endangers people's property, but also creates a crisis of societal trust. With that in mind, the Bank understands that it must focus on enhancing people's awareness of fraud issues and educate people on how to guard against telecommunication fraud.

##### Case

Due to the frequency of fraudulent acts, and in order to ensure the safety of people's property, help the public identify new patterns in telecommunication network fraud and improve their awareness of fraud prevention, the Bank's Fuxin branch carried out a series of events with the theme of "Party Building and Anti-fraud Publicity" on Wulong Street in Haizhou District, Fuxin City. At these events, we shared anti-fraud knowledge and distributed anti-fraud awareness leaflets and Chinese New Year couplets, giving us the opportunity to improve residents' fraud awareness while also sending season's greetings.



#### Intellectual property protection

The Bank carried out intellectual property-related protection work in accordance with the laws and regulations such as the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China, and the Civil Code of the People's Republic of China. We employed intellectual property rights to support and protect the Bank's business operations, improved the intellectual property rights management system, and used intellectual property rights to enhance the Bank's core competitiveness. In order to prevent violations of intellectual property rights, the Bank issued legal opinions about enhancing intellectual property protection and the reasonable use of intellectual property within the authorised scope, released notices on regulating the use of fonts for publications, and performed inspections before releasing external publicity materials. While endeavouring to effectively apply for, manage and protect the Bank's intellectual property rights, we respected the legal rights of others and guarded against the risk of infringing others' intellectual property rights.

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

### 4.1 Facilitating Regional Economic Development

In order to support major national development strategies and regional economic development, the Bank has continuously optimised the channelling of credit funds, strengthened its support for the top 10 preferred industries, and provided diversified and customised financial services for enterprises, including cash management, transaction settlement, supply chain finance, and investment and financing services. We also actively participated in the "Liaoning – Yangtze River Delta Investment Promotion Week" and the "2021 Liaoning International Investment and Trade Fair". Besides, as a leading regional financial institution, the Bank fully supports the reform of state-owned enterprises and actively advances corporate restructuring, so as to help enterprises improve their operations and accelerate their transformation and upgrading. The Bank firmly implemented various inclusive finance policies, such as setting up inclusive finance counters and granting more inclusive finance loans, resulting in the Bank's inclusive finance business achieving record growth. Meanwhile, by offering supply chain finance services and providing targeted solutions for private and small and micro enterprises, we supported and empowered the development of "time-honoured brands", "original brands" and "new brands" to revitalise the regional economy.



The Bank offered significant support to the development of enterprises that are critical to the region

The Bank offered significant support to the development of enterprises that are critical to the region. Following the major decisions and initiatives of the CPC Committee and government of Liaoning Province, the Bank provided efficient and quality financial services to enterprises to help the province improve infrastructure and complete important projects. Through business negotiations with the headquarters of the enterprises, the Bank gained in-depth insights into their cooperation needs and investigated how to cooperate with them in the next stage. We also worked closely with the China Iron and Steel Association, the China Petroleum and Chemical Industry Federation, the China Federation of Logistics & Purchasing, the Liaoning Association of Automobile Manufacturers, the Shenyang Agricultural Industry Chain Association and other national, provincial and municipal industry associations, as well as provincial industry and information technology departments, housing and urban-rural construction departments, science and technology departments and other key provincial commissions, offices and bureaus. Working with these enterprises and organisations, we were able to strengthen market research under the guidance of national policies and effectively identify opportunities to expand our customer base.



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



The Bank continued to facilitate the manufacturing industry's pursuit of high-quality development.

The Bank continued to facilitate the manufacturing industry's pursuit of high-quality development. To implement the "Made in China 2025" strategic plan, strengthen the high-end equipment manufacturing industry and enhance coordination between the head office and branches, the Bank established a specific working group to facilitate industry development and offer comprehensive business guidance to potential bank-wide customers and key projects in the industry. By screening related customers, each business unit starts with their preferred customers and connects them with the Bank's professional service teams. Meanwhile, relying on the target customer list, the business units search for core customers as well as their upstream and downstream customers. In this way, the Bank has been able to provide these customers with professional and comprehensive service solutions.



Continue to promote the high-quality development of the real economy.

The Bank continued to promote the high-quality development of the real economy. When granting credit, the Bank adhered to the principle of handling customers in a differentiated manner and approaching them with a combination of support and control. In 2021, by closely following plans for national economic restructuring and the upgrading of industry structures, the Bank prioritised 10 industries: equipment manufacturing, digital technology, people's livelihood and public utilities, modern agriculture, medicine and healthcare, new retail, urban renewal, ferrous metallurgy, energy and petrochemicals, and government finance. Based on this list, the Bank formulated industry operating strategies and credit granting policies,

along with annual development goals. In addition, the Bank carried out extensive marketing activities using its customer list, updated the project database, and formulated marketing guidance for various industries. Based on our analysis of industry operating models and industry risks, we effectively selected target customers, provided optimal products in suitable scenarios, met the financial needs of target customers, and guided the branches to appropriately plan credit granting to ensure both quality and efficiency.



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

### 4.2 Supporting the Integration of the Beijing-Tianjin-Hebei Region

In order to seize the coordinated development opportunities offered by the Beijing-Tianjin-Hebei Region and focus on the "One Base and Three Zones" initiative, the Bank prioritised support for industries that are eligible for national preferential policies and the Beijing-Tianjin-Hebei Region's coordinated development projects. As part of this effort, we actively promoted the transformation and upgrading of traditional industries such as equipment manufacturing, and strengthened our support for environmental protection, information technology, transportation integration, industrial upgrading and transfer, infrastructure construction, and other key areas. The Bank fully capitalised on its branch network in important areas such as Tianjin, Beijing, and Shanghai to engage in joint marketing between branches in and outside the Liaoning Province and increase credit support for key projects.

#### Case

In 2021, under the guidance of national policies, the Bank's Beijing branch actively improved its credit granting policy and provided support for infrastructure projects in the Beijing-Tianjin-Hebei Region. We offered preferential support for projects with controllable credit risks, additional cooperation opportunities and strong financial prospects that were involved in the construction of Tongzhou's urban sub-centre, Beijing's new airport and related transportation support projects, the airport's economic zone, etc. As a result of this effort, we were able to gradually build long-term business partnerships with credit customers. In addition, in respect of the Beijing-Tianjin-Hebei Region, the Bank actively explored innovative financing product models, and provided financing services across the entire industry chain to empower the development of the real economy in areas such as transportation infrastructure construction, ecological and environmental protection, and industrial upgrading and transfer, thereby effectively boosting the coordinated development of the Beijing-Tianjin-Hebei Region.

#### Case

The Bank's Tianjin branch focused its marketing on the key areas covered by the nation's Beijing-Tianjin-Hebei coordinated development strategy and gave full play to the regional advantages of Tianjin by offering robust support for the development of Binhai New Area and China (Tianjin) Pilot Free Trade Zone. In addition, the branch prioritised support for modern services, industrial restructuring and other fields to optimise business resource allocation. The Bank also stepped up support for key projects in the region, such as those involving transportation integration, ecological and environmental protection, industrial upgrading and transfer, and related infrastructure construction. In addition, in order to implement its differentiated credit granting policy, the Bank prioritised the provision of credit to customers that serve the Beijing-Tianjin-Hebei Region's development strategy, and we devised special credit solutions for these enterprises while keeping risks under control.

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

### 4.3 Supporting Small and Micro Enterprises

Small and micro enterprises have become an important part of the national economy and social development, and they are crucial to increasing employment, improving people's livelihood, and promoting innovation and entrepreneurship. Meanwhile, they are playing an important role in maintaining stable growth, advancing reform, making structural adjustments, improving living standards, and guarding against risks. Over the years, Shengjing Bank has actively implemented inclusive finance policies that are beneficial to enterprises, and the Bank has always been dedicated to "serving the local economy, serving small and micro enterprises, and serving urban and rural residents". We regard facilitating economic and social development as our objective and foothold, and we capitalise on our institutional and decision-making strength to proactively fulfil our social responsibilities as a financial institution. We are also continuously working to strengthen the inclusive credit services we provide to small and micro enterprises; and we endeavour to improve our service capacity, quality, and efficiency so that we can better serve the real economy.

#### Case

This case study involves a small limited company established in 2018 that was mainly engaged in the purchase and sale of rice and grains. With the arrival of autumn, the company was busy purchasing rice. According to the person in charge of the company, the company had a stable relationship with its customers and promising market prospects, but it faced a huge capital gap that was going to impede the company's expansion and purchasing scale for the year. Besides, the company was unable to provide collateral, making it extremely difficult for it to obtain financing. After seeing Shengjing Bank's advertisement regarding "one-stop inclusive finance services", the company scheduled a consultation with the Bank.

After learning about the financing needs of the company, the Bank's "one-stop inclusive finance services" staff promptly directed the account managers to conduct a field survey and carry out related work such as designing credit granting plans as soon as possible. Given the company's stable operations and effective distribution channels, the Bank adopted the enterprise credit model to provide the company with financial support, and we decided to provide comprehensive credit granting services for the enterprise. During the validity period of the contract, according to the enterprise's needs, it can choose to borrow multiple times and repay the loans one by one or it can borrow once and repay the principal in instalments. The company can also use a revolving loan facility within the credit limit, which can help the enterprise save capital costs and spend less time on the loan application.



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

### 4.4 Improving Financial Services for “Agriculture, Rural Areas, and Farmers” (Agribusinesses)

Based on its commitment to supporting agribusinesses, the Bank leveraged its county-level geographical advantages, intensified its efforts to grant credit to agribusinesses, and facilitated the development of agricultural science and technology enterprises and rural enterprises, with the goal of promoting the sustainable and rapid development of the county-level economy. We prioritised satisfying agribusinesses' credit needs, appropriately increased credit lines for enterprises in rural areas based on their funding needs, and made loans more accessible to such enterprises. The Bank appropriately set the terms of working capital loans for agricultural enterprises based on their business characteristics, asset scales, business cycles, and risk profiles, effectively satisfying their seasonal or occasional need for funds. We delivered services to clients through various channels, including community outlets, mobile banking, TV banking, and online banking. By improving our standardised products, we were able to significantly improve our ability to provide financial services for agricultural enterprises. Meanwhile, the Bank streamlined its approval procedures, while also keeping risks under control, in order to improve efficiency and ensure that loans are issued in a timely manner.

#### Case

According to the requirements of the People's Bank of China, the China Banking and Insurance Regulatory Commission and other departments, Shenyang Liaozhong Fumin Village Bank introduced policies to postpone interest and principal repayment for agricultural loans in order to support the development of the region's real economy and rural economy. Based on the trends of rural economic development, the local financial needs of agribusinesses, and relevant policy support, the Bank actively developed innovative and practical financial products and services; launched loans for farmers; granted personal business loans to individuals; and provided loans to small and micro enterprises, so as to promote local economic development. Furthermore, the Bank implemented policies to reduce service fees and share profits with the public and enterprises in order to reduce financing costs for rural customers.

#### Case

The Bank's Beijing branch accurately channelled regional credit funds based on the industrial restructuring trends of each county in the capital city, and cooperated with other organisations to promote the development of rural tourism, ecological agriculture, the forestry and fruit industry, and the agricultural and sideline product processing industry. As at the end of 2021, the branch's balance of agriculture-related loans amounted to RMB137 million, which was mainly used to support the trade finance business of enterprises that were registered in the counties and rural areas and support their business development.

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

### 4.5 Promoting the Development of Emerging Industries and High-Tech Industries

The Bank implemented differentiated credit policies and reaffirmed its support for strategic emerging industries. The manufacturing industry is a major part of the real economy, the main arena of science and technology innovation, and the main target of supply-side structural reform. The Bank continued to grant credit in a differentiated manner and with a combination of support and control, constantly optimised the direction and structure of financial support, prioritised medium and long-term financial support for science and technology innovation and technology upgrading in the manufacturing industry, vigorously expanded diversified financing channels for equipment manufacturing enterprises, and promoted structural adjustments, transformation and upgrading, and growth for the manufacturing industry.



### 4.6 Stimulating the Development of Consumer Finance

Based on its commitment to exploration and innovation, the Bank fulfilled its social responsibilities and played an active role in stimulating household consumption, fostering business prosperity, upgrading the financial service environment and serving enterprises. By leveraging the extensive market experience, customer resources and risk control capabilities it has developed during its long-term engagement in retail business, the Bank steadily promoted the development of consumer credit business. We gradually built a consumer finance product system, divided consumers into groups, expanded financing channels, and relieved one-off financial pressure for consumers, with a view to stimulating people's willingness to spend and helping them enjoy a better life.

To meet consumer financing needs across different regions, the Bank established Shengjing Bank Consumer Finance Co., Ltd. ("Shengjing Bank Consumer Finance"), which operates nationwide. As at the end of 2021, Shengjing Bank Consumer Finance had provided services to 4,790.3 thousand customers and granted loans amounting to RMB29,172 million in total. Shengjing Bank Consumer Finance has prioritised the needs of customers from Liaoning Province and carries out business that is customised for this region. As at the end of 2021, Shengjing Bank Consumer Finance had granted loans amounting to RMB917 million to customers from Liaoning Province and had provided services to 139.9 thousand local customers. In addition, Shengjing Bank Consumer Finance actively implemented inclusive finance policies, insisted on offering diversified online products that feature small amounts, and lowered interest rates in accordance with regulatory requirements. Meanwhile, in order to enhance its customer service capabilities, the subsidiary established diversified service channels, consolidated its underlying business, optimised compliance-based operations, focused on risk prevention and control in consumer finance business, imposed strict compliance requirements on various business activities, conducted compliance inspections, and performed monthly reviews to check whether there any false or exaggerated statements had been included in marketing materials that might infringe consumers' rights.

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

### 4.7 Providing Innovative Financial Services

In order to meet enterprises' financing needs, the Bank has been expanding and innovating product portfolios and has launched products such as pledge of accounts receivable, pledge of shares, pledge of trademark rights, operating property loans, pledge of warehouse receipts, and pledge of patent rights. Meanwhile, the Bank provided diversified financial services based on different customers' business needs and systematically integrated financial products with the transactions of core customers and their upstream and downstream enterprises by improving corporate products such as certificates of deposit, corporate financing, and cash management services. In general, the Bank provided diversified and customised services instead of simple, standardised services in order to meet customers' specific needs.

### 4.8 Responding to the “Revitalisation of the Northeast” National Strategy

With the official launch of the “14th Five-Year Plan”, for the purpose of accelerating the establishment of a new development pattern in which domestic economic flows play a leading role with international economic flows acting as a supplement, the Bank took various measures to implement the new development concept and cultivate a new development pattern. Shengjiing Bank followed the trends of national industrial upgrading and economic restructuring, and actively aligned its operations with national and regional development plans. In terms of corporate banking business, the Bank prioritised 10 industries: equipment manufacturing, digital technology, people's livelihood and public utilities, modern agriculture, medicine and healthcare, new retail, urban renewal, ferrous metallurgy, energy and petrochemicals, and government finance. We paid close attention to key projects under national strategies and related business opportunities, and we focused on the 10 prioritised industries, as well regionally advantageous industries, to develop a differentiated industry development model. In addition, the Bank developed a new kind of bank-government partnership according to its actual situation, used local resources to actively participate in the construction of core cities in Shenyang, enhanced cooperation with the government to raise Liaoning Province's strength in the fields of digitalisation and intelligence and develop Shenyang's modern metropolitan area, and sought opportunities to serve as a leading financial institution under Shenyang's “Revitalise New Breakthroughs: I Want to be a Pioneer” special action plan. In terms of retail business, the Bank focused on customer needs and delivered products properly based on the characteristics of various scenarios. In this regard, we integrated account opening, settlement, deposit, investment, financing and other financial functions for nine high-frequency daily life scenarios—community property, smart campus, life services, public transportation, business cluster operations, capital supervision, healthcare, travelling, and internet services—so as to acquire more customers and manage customer relationships anytime, anywhere.

## 5 Green Development and Environmental Protection

### 5.1 Commence Green Credit Operations

#### Throughout implementation of the green credit development strategy

The Bank earnestly implemented national development strategies related to green credit and strived to embed environmental protection concepts in its operations and management. We established an effective green credit management system, granted additional credit to the low-carbon economy, strengthened our support for enterprises and projects that meet the national requirements for energy efficiency, emissions reduction and environmental protection, and granted credit to green industries such as the environmental protection, energy efficiency, clean energy and clean transportation sectors. Meanwhile, the Bank imposed more stringent requirements on energy-intensive, pollution-intensive and resource-intensive enterprises and projects and strengthened tracking, research and judgement of market changes and operations in industries with excess production capacity. In 2021, the Bank did not experience any significant environmental or social risk events, we vigorously promoted the development of the local green economy, circular economy and low-carbon economy. As at 31 December 2021, the balance of the green credit loan granted by the Bank totalled at RMB7,517 million.

#### Giving prioritising support for green credit business

The Bank prioritised marketing, availability processes, credit lines and interest rates for green credit customers and strengthened support for green credit, which caused the Bank's green credit loan balance to increase significantly. We mainly offered green loans to the energy-efficiency and environmental protection industry, clean production industry, eco-environment industry, green upgrading projects for infrastructure, and green services. Within these fields, the Bank expanded credit for the following green projects: energy-efficient boiler manufacturing, manufacturing and industrialisation of key components for new energy vehicles, comprehensive utilisation of mineral resources, re-manufacturing of automotive parts and electromechanical products, water conservation and efficient use of water resources in production, construction and operation of solar energy utilisation facilities, construction and operation of urban slow-moving systems, energy trading services, and environmental monitoring. Meanwhile, we exercised robust control over the financing needs of industries characterised by high energy consumption, and we promoted the green transformation and upgrading of energy-intensive projects with high emissions, with the aim of achieving the "peak carbon emissions and carbon neutrality" goals, optimising the credit structure and transforming the development model.

#### Issuing the first green syndicated loan

In 2021, the Bank successfully issued the first green syndicated loan to a wind power project in Liaoning Province. This project marked a breakthrough for the Bank in terms of its engagement in the wind power industry. Besides, this project provides strong support for the enterprise's efforts to enhance the quality of the local environment, improve people's livelihood, promote green and low-carbon development, and facilitate the construction of an ecological civilisation. Going forward, the Bank will fully mobilise its financial resources to provide direct and indirect comprehensive financial facilities and a package of financial services to satisfy customers' financing needs and promote the development of the private-sector economy in Liaoning Province's.

## 5 Green Development and Environmental Protection (Continued)

### 5.2 Promoting Green Services

The Bank promoted digital financial business innovation by tracking industry development trends and integrating customer, business, product and channel resources. When the Bank carried out digital financial business innovation, the Bank also improved the digital customer journey, coordinated bank-wide financial technological innovation needs, and conducted whole-process management of digital financial innovation projects to stimulate the coordinated development of retail business and corporate digital financial business.

The Bank endeavoured to increase online transactions with its customers. First, the Bank focused on improving personal mobile banking services by steadily enhancing the user experience and forming a user experience team. In 2021, we upgraded 289 mobile banking functions in order to enhance the user experience and boost online transaction rates. Second, the Bank optimised the corporate online banking and cash management system and enhanced demand deposits, electronic receipts, electronic bills and 104 other products and functions. As a result of our efforts, the number of corporate online banking transactions increased by 3,445.8 thousand or 165.4% compared with the beginning of 2021.

The Bank focused on building a "Banking +" open banking model. To this end, we digitally transformed all of the Bank's business lines and branches, and developed digital scenario-based operational capabilities. Using this model, we aim to expand our customer base, grow our business, promote online green services and strengthen the role of digital finance in business development.



#### Self-Service Banking

The Bank increased investment in intelligent self-service equipment and steadily improved and upgraded its equipment in order to improve the quality of its outlet services. The Bank installed portable card issuing tablets, smart counters and 130 other smart devices at its outlets, and we also added more receipt printing and social insurance payment functions, among other functions, to our self-service devices to provide differentiated customer services that are accurate and convenient. As at 31 December 2021, the Bank had 1,852 self-service devices (including cash recycling systems (CRSs), enquiry and payment machines, portable card issuing machines, video teller machines (VTMs), intelligent counters, high-speed CRSs, interactive desktop devices, etc.).



## 5 Green Development and Environmental Protection (Continued)

### Personal Online Banking



Personal online banking is an important channel to provide customers with convenient online services using mobile communication network. The personal online banking platform uses financial technology actively, and satisfy retail customers' mobile "Finance + Life" needs. It uses Internet technologies to provide customers with all-round, efficient, and secure banking services through PCs, which enables customers to manage their wealth safely and conveniently from the comfort of their home.

As at 31 December 2021

the Bank's cumulative number of personal online banking customers reached

**669.5** thousand

representing a year-on-year increase of

 **2.2** %

number of personal online banking transactions amounted to

**735.9** thousand

total value of the transactions amounted to

**661,328** million

### Corporate Online Banking



To better meet customers' needs, the Bank expedited the construction of its online corporate service channels and accelerated its efforts to upgrading its corporate online banking capabilities. In 2021, we made 104 updates in total, including the launch of time deposits, demand deposits, corporate negotiable certificates of deposit, and other products, as well as improvements to functions such as electronic receipts and electronic bills. These diversified online products and functions drastically increased the total transaction amount, improved online operations and services, and enhanced the customer service experience.

As at 31 December 2021

the Bank's cumulative number of corporate online banking customers reached

**52.3** thousand

representing a year-on-year increase of

 **25.1** %

the number of corporate online banking transactions amounted to

**5,528.6** thousand

total transaction value amounted to

**2,111,767** million

## 5 Green Development and Environmental Protection (Continued)

### Mobile Banking



Based on its customer-first philosophy, the Bank continuously improved its mobile banking services. To this end, we built an experience team that includes both in-house experts and external customers and conducted extensive surveys on customer needs to effectively enhance the mobile banking user experience. We also sharpened our ability to serve different customer groups; provided customised services, such as wealth management, payroll services, and veteran services, for retail customer groups; and developed a personal mobile financial service platform that is convenient, smart, secure, and friendly.

As at 31 December 2021

Bank's number of mobile banking customers amounted to

**3,468.1** thousand

In 2021, the total value of the transactions amounted to

**1,183,279** million

number of transactions reached

**32,613.2** thousand

representing a year-on-year increase of

 **238%**

representing a year-on-year increase of

 **155%**

### WeChat Banking



The Bank provides customers with financial services, online customer services, and information through its official "Shengjing Bank" WeChat account. Customers can conveniently access services and important information by following the Bank's official account. The Bank has actively enriched its WeChat banking functions in order to satisfy the demands of customers for convenient inquiry, fast payment, and other services. The Bank also delivers product information to users through WeChat so that customers can learn about the latest product information in a timely manner. In this way, the Bank is able to ensure that customers better understand investment and wealth management, rights protection, risk prevention and other financial issues; encourage customers to safely and reasonably use banking products and services; and increase customers' awareness and ability to protect their own property and information security.

As at 31 December 2021

Bank's number of WeChat banking customers reached

representing a year-on-year increase of

**847.0** thousand

 **7%**

## 5 Green Development and Environmental Protection (Continued)

### 5.3 Advocating Green Operations

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

In order to promote the green office concept, emphasise energy efficiency and environmental protection, and improve energy management, the Bank formulated the Opinion on the Construction of Shengjing Bank's Head Office, which put forward clear requirements for environmental sanitation and protection to strengthen staff's environmental protection awareness, and established a supervision, inspection and penalty mechanism to enhance performance in this area. In addition, the Bank issued the Proposal of Shengjing Bank on Fostering a Workplace Characterised by "Green Offices, Low-Carbon Lifestyles, Energy Efficiency and Consumption Reduction" to encourage staff to reduce the consumption of energy, water and office supplies and promote a paperless office. By cultivating a strong sense of responsibility among employees and preventing energy waste and loss, we are gradually developing a corporate culture that focuses on environmental protection and conservation. Furthermore, the Bank has set up office automation (OA) systems to promote green office operations and reduce the use of paper.

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

The Bank's energy consumption and waste discharge in 2021

Type	Unit	2021
Head office power consumption	10,000 kWh	396.77
Head office power consumption per person <sup>1</sup>	10,000 kWh/employee	0.42
Head office water consumption	Ton	52,890
Head office water consumption per person <sup>1</sup>	Ton/employee	56.03
Head office oil consumption*	L	64,580
Head office oil consumption per person <sup>1</sup>	L/employee	68.41
Head office natural gas consumption	M <sup>3</sup>	24,473
Head office greenhouse gas emissions	Ton carbon dioxide equivalent	2,578.16
– Direct greenhouse gas emissions**	Ton carbon dioxide equivalent	193.08
– Indirect greenhouse gas emissions**	Ton carbon dioxide equivalent	2,385.08

\* Including oil consumed by armoured trucks hired by the Bank's in Shenyang

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

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

<sup>1</sup> During the reporting period, the total number of employees of the head office was 944.



## 5 Green Development and Environmental Protection (Continued)

The Bank continued to engage professional garbage recycling and transportation companies to perform garbage sorting and recycling and minimise the Bank's volume of non-hazardous waste. The Bank implemented President Xi Jinping's important instructions on garbage classification and studied the leading examples of other banks. We also based our work on the Bank's specific circumstances and strived to establish a long-term virtuous cycle for garbage classification. During the reporting period, the head office generated a total of about 168 tons of domestic waste, or 0.18 tons per person<sup>1</sup>. The Bank is a non-manufacturing enterprise that does not engage in activities that result in extensive pollution or emissions. Therefore, the Bank did not generate any obviously hazardous waste, and we recycled waste that is harmful to the environment, such as batteries and light bulbs, by providing it to garbage recycling companies for proper treatment.

Fully aware of the significant impact of major climate changes on its business development, the Bank actively responded to the national environmental protection policy. We signed a strategic cooperation agreement with Liaoning Geological Exploration and Mining Group to share resources and achieve complementary advantages in terms of soil environmental management, ecological protection and restoration of mountains, rivers, forests and fields, etc., so as to make a contribution to achieving the "peak carbon emissions and carbon neutrality" goals. Meanwhile, when making emergency plans for relevant businesses and IT systems, the Bank took into account the impact of climate damages, classified the level of emergencies according to the timeline, scope and impact of the damages, made specific measures and set up an emergency response leadership group to provide adequate personnel, materials and system support. During the reporting period, the Bank did not identify any major climate issues that impacted or may impact its business operations.

### Energy Efficiency and Emissions Reduction

In response to the call of the country to "build a resource-efficient, environment-friendly and harmonious society", the Bank issued the Proposal of Shengjing Bank on Fostering a Workplace Characterised by "Green Offices, Low-carbon Lifestyles, Energy Efficiency and Consumption Reduction" to gradually develop a corporate culture that upholds environmental protection and conservation. In addition, the Bank has actively promoted green offices, implemented measures to conserve energy and increased the use efficiency and economic benefits of energy. By closely focusing on "energy conservation, emissions reduction, and scientific development", the Bank has adopted various initiatives to conserve energy and reduce emissions in daily operations based on local conditions, and these initiatives involve every employee:



#### Reducing power consumption

Electrical appliances such as air conditioners and lights, as well as office equipment such as computers and printers, are turned off when not in use. Permanent lighting has been discontinued, and power supplies are turned off outside of work hours. The Bank prioritises the use of energy-efficient appliances and equipment and bans the use of small home appliances that do not meet the requirements. In addition, lifts are not used on the first three floors of the Bank's buildings. Moreover, in order to promote the green office concept, the Bank has established a supervision, inspection and penalty mechanism to encourage staff to conscientiously save energy and reduce emissions, increase their sense of responsibility, and raise the efficiency of the Bank's energy use.



#### Reducing water consumption

The Bank strengthened its daily maintenance of water equipment and performed regular inspections and repairs to avoid dripping and leaking and prevent situations in which water was running for a long time. By stepping up promotion and education, the Bank encouraged staff to save resources and develop effective water conservation habits. The Bank adopted a number of water-conservation measures, and the head office saved approximately 3,089 tons of water compared with the previous year. The Bank had no problems accessing water sources.



#### Reducing office supply consumption

The Bank strictly managed office supply consumption, arranged for bidding for suppliers of office supplies, consumables and other materials, and conducted online procurement to ensure that its office supply and consumable management process was standardised and scientific. Moreover, the Bank set up a ledger account for recording requests for and use of office supplies by department, and established a regular reconciliation system to more accurately understand the utilisation of office supplies and consumables and devise materials allocation plans in a scientific and standardised manner. Furthermore, the Bank promoted online office work and a paperless office, reduced the generation of paper documents, and required two-sided printing.

<sup>1</sup> During the reporting period, the total number of employees of the head office was 944.

## 5 Green Development and Environmental Protection (Continued)



### Reducing oil consumption by vehicles

The Bank continued to advance vehicle use reform and stayed committed to implementing innovative systems, devising overall planning and protecting frontline employees' rights and interests in respect of vehicle use. In addition, the Bank constantly improved the operating skills of vehicle managers and drivers, encouraged scientific and standardised driving, effectively allocated vehicle resources based on the actual needs of business development, and adopted a modern approach to business travel. Besides, the Bank paid close attention to the maintenance of vehicles, conducted regular vehicle check, and properly performed vehicle scheduling to reduce operating costs and oil consumption.



### Green data centre

The Bank continued to replace physical servers with virtual servers in order to save procurement, energy and cooling costs. As at the end of 2021, the Bank's data centre included 3,893 virtual servers (3,060 virtual servers as at the end of 2020). Compared to the previous year, in 2021, the Bank reduced procurement costs by approximately RMB47.23 million, cut operating and maintenance costs by approximately RMB5.58 million, saved approximately 7.50 million of electricity and reduced carbon dioxide emissions by approximately 5,885 tons.



### Waste Disposal



Recycling and reusing replaced equipment. In 2021, 264 pieces of equipment were recycled (including 118 computer terminals, 102 passbook printers, 20 needle printers, 22 Guoguang keyboards, and 2 network devices).



The Bank promoted the centralised disposal of newspapers, magazines, and books to prevent resource waste.



We engaged recycling companies to ensure that hazardous waste was properly handled and to avoid pollution.



We recycled and reused office furniture to avoid waste when upgrading and renovating office areas.



## 5 Green Development and Environmental Protection (Continued)

### Supplier Management

The Bank has formulated a centralised procurement management policy that requires bank-wide centralised management and bargaining, and prioritises the purchase of domestic materials, and energy-efficient, environment-friendly and state-supported products. The Bank selects industry-leading suppliers based on the characteristics of the relevant project, and comprehensively considers their corporate social responsibility performance based on the principle of open, transparent and fair competition. We mainly consider whether suppliers are capable of independently assuming civil liabilities; whether they have sound business reputations and well-established financial accounting systems; whether they possess the equipment and expertise to implement contracts; whether they have a history of paying taxes and social security funds in accordance with laws; and whether they have ever seriously violated laws, been subject to large fines, or been subject to other administrative penalties in the course of business operations.

As at the end of 2021, the Bank had conducted a total of 72 procurement projects, including 51 bidding projects and 21 procurement projects with a single source.



The Bank upheld and adhered to energy-efficient and environment-friendly procurement principles, and actively implemented the green procurement policy. The Bank encourages suppliers to include environmental protection and energy efficiency requirements into their management system, and we prioritise the selection of suppliers with environmental management system certifications and products with environmental labels to demonstrate the Bank's support for green procurement and to encourage suppliers to improve their operations.

As at the end of 2021, the Bank used 76 IT services suppliers:

Number of service providers by geographical region		
	Northeast China	13
	North China	35
	East China	17
	South China	8
	Central China	1
	Southwest China	2
Total		76

## 6 Giving Back to the Society and Achieving Win-win Results

### 6.1 Improving Service Quality

The Bank continued to promote financial support for areas concerning people's livelihood, and continued to strengthen its investment and resources in industries that are essential to people's livelihood, including water, electricity, gas, and heating, as well as public service sectors such as healthcare and education. Based on its customer-centric business philosophy, Shengjing Bank continued to optimise mobile banking services and value-added functions so that its customers can access safe, convenient and efficient financial services anytime anywhere. The Bank has installed 1,852 self-service terminals to allow more customers to experience "zero distance" intelligent financial services. Meanwhile, customers have been exempted from paying over 20 types of fees, including card issuance fees, card production fees, annual fees, and account maintenance fees for small-balance accounts. In addition, through mobile banking and other service channels, the Bank provides various services to make payments and daily tasks more convenient for the public, including nearly 300 convenient payment services across 21 major categories, including water, electricity, gas, cable TV, telecommunications, social security contributions, medical care, education, property, traffic fines and heating, as well as certain medical services, including insurance, wealth management and health care.

In accordance with its customer-centric service philosophy, the Bank continuously optimised the customer experience and implemented frequent multi-dimensional bank-wide initiatives to comprehensively improve the quality of its services. Shengjing Bank mainly implemented the following measures to improve the quality of the services offered by its staff:

- Enriched training materials to strengthen professional training and improve employees' service capabilities;
- Used morning meetings to review business knowledge and improve employees' service skills;
- Strengthened themed activities to ensure that concepts from the activities are translated into employees' actual behaviour and to ensure that employees provide customers with dedicated one-on-one services that demonstrate the Bank's enthusiasm and professionalism;
- Enhanced the service functions and facilities in outlets and established a service system for diversified customer groups;
- Strengthened inspection and supervisory methods. Based on public inquiries, unannounced visits and regular or ad hoc inspections, the head office and branches rectify inspection findings with reference to standard practices in a timely manner, and the rectification period and the personnel who are responsible for the rectification are clarified. The Bank has strengthened the continuous tracking of corrective actions to consolidate the rectification results and improve service quality at its outlets;
- Based on the Bank's customer-centric business philosophy, we set the "Four No's and Four Satisfactions" job objectives: We provide sincere, enthusiastic, meticulous and patient services to ensure that our customers are satisfied; and we strive to provide services that result in no complaints, errors, disputes, or privacy issues in order to meet the standards of our customers, ourselves, the system and society;
- Conduct daily inspections and implement a shift-based accountability system. Each person on duty at our outlets follows the guaranteed satisfactory solution system to ensure that customer needs are addressed in a timely manner. Under this system, the employee who receives the first inquiry is ultimately responsible for resolving the issue. The Bank regularly inspects the environment, equipment and facilities at its outlet, reviews the customer comment books and addresses relevant issues in a timely manner.

Through the bank-wide service system, the Bank has effectively improved its customer experience and brand image, and created a culture of "value creation through services". Customers can express their needs through the comment books placed in the halls of business outlets, or by making calls to the Bank's customer service hotline.

## 6 Giving Back to the Society and Achieving Win-win Results (Continued)

### Innovating Financial Products

With its mission of advancing financial inclusion, the Bank seized opportunities in the consumer finance market, strengthened integration and innovation, and continuously expanded its marketing efforts to improve its “e-Loan” Internet consumer finance products. The Bank tends to design and market consumer credit products based on the needs of users: the Bank is able to conduct credit assessments using big data and risk models, and has achieved automatic full-process approval of online business. In this way, we are making the customer experience more convenient and providing high-quality financial services that improve people's lives.

The consumer finance company affiliated with the Bank, together with Northsoft Technologies Co. Ltd., launched the heating fee installment “warm loan” product for heating fees, which effectively relieves financial pressure on low-to-medium income groups by helping them pay their heating fees in full and has achieved a good social effect.

### Better Service Experience

The Bank is committed to stepping up the construction of user-friendly facilities by providing service facilities that are convenient for special customer groups, including those who are elderly, ill, pregnant or disabled, so as to proactively meet its social responsibility. The Bank strengthened its service facilities and equipment, including voice queuing machines, voice electronic displays, priority seats, barrier-free access measures, parking lots for the disabled, priority counters and priority service reminders. We also persistently improved hardware services at the outlets by providing wheelchairs, cards that aid the blind, reading glasses, magnifying glasses, voice cash-counting machines and other convenient service facilities, in order to cater to special customer groups and improve their customer service experience. Also, customers with visual issues are allowed to bring registered guide dogs (with identification) into the outlets.



## 6 Giving Back to the Society and Achieving Win-win Results (Continued)

### Priority Zones

To address difficulties that the elderly may encounter in financial business and the issues often encountered in day-to-day work, the Bank produced a short video with the theme of "Focusing on Elderly Customers and Promoting Age-friendly Services" and uploaded it to various Internet platforms. In the video, the Bank calls for banking practitioners to enhance their awareness of and improve services for elderly customers, and thoroughly implement this spirit in day-to-day services. The Bank's outlets are equipped with priority seats, wheelchairs, first-aid kits and other equipment, and all staff are expected to enthusiastically help elderly customers and patiently and comprehensively explain relevant business to them. The Bank provided proper caring services to the elderly, which resulted in high satisfaction among elderly customers.



### Public Education Zones

The Bank proactively performed its social responsibilities by diligently spreading financial knowledge among the public, and launching financial "micro-class" activities through online channels. Based on current pressing issues, the Bank popularised financial knowledge such as anti-fraud skills and rights protection to help citizens "keep their money bag" safe. In its efforts to educate the public regarding financial issues, the Bank used a combination of graphics and texts to popularise the application of channels in order to ensure that audiences are aware of the Bank's safe and convenient online services.



## 6 Giving Back to the Society and Achieving Win-win Results (Continued)

### 6.2 Safeguarding Customers' Rights and Interests

The Bank has integrated the protection of consumers' rights and interests into its corporate governance. The revised Articles of Association of Shengjing Bank Co., Ltd. states that the Board of Directors is responsible for protecting consumers' rights and interests, and shall assume ultimate responsibility for protecting customers' rights and interests. The protection of consumers' rights and interests has been incorporated into the Bank's business development strategies and corporate culture development. Senior management is responsible for establishing an effective consumers' rights protection management system with clear goals, coordinating plans, programmes and tasks relating to the protection of consumers' rights and interests, and shall ensure that the strategic goals and policies for protecting consumers' rights and interests are effectively implemented.

The Bank continuously improved various rules and policies related to the protection of consumers' rights and interests. The Bank clarified its main responsibilities in respect of the protection of consumers' rights and interests, and strengthened whole-process management of consumer complaints to comprehensively improve consumer satisfaction. Meanwhile, the Bank enhanced the protection of consumers' financial information by including consumers' basic information, property information, account information, credit information and financial transaction information into the protection scope.

The Bank actively took the initiative to handle complaints, standardised full-process control of complaint acceptance, handling, feedback, analysis and other areas, and vigorously improved the timeliness, quality and efficiency of the consumer complaint handling process. Shengjing Bank actively used a multi-faceted third-party mediation mechanism to resolve conflicts and disputes between the Bank and its customers to improve the management and analysis of customer requirements. The Bank has also established a centralised mechanism for performing assessments of customers' complaints and requirements. The Bank paid attention to the causes of complaints, hot topics in complaints, and complainants, products and services in key areas of complaints. We completed rectifications to address problems at their source, and worked to truly improve the consumer experience by strengthening the closed-loop management of feedback, rectification and improvement.

In 2021, the Bank handled

**2,462** customer complaints

were handled, representing a year-on-year decrease of

↓ **14.22%**

customer complaints have been resolved

**100%**

The Bank incorporated consumer protection into its corporate governance and development planning. We further specified the responsibilities of the Board of Directors, the Risk Control and Consumers' Rights Protection Committee and senior management to ensure that the strategic objectives and policies for protecting consumers' rights and interests were effectively implemented. The Bank strengthened strategic guidance for consumer protection, and included the "establishing the concept of protecting consumers' rights and interests and strongly improving the quality and efficiency of consumer protection work" into its strategic plan.

The Bank actively fulfilled its social responsibilities and strived to build a harmonious society by proactively carrying out publicity campaigns for financial knowledge. Shengjing Bank develops plans for financial knowledge publicity and educational campaigns every year. During the year, the Bank organised a total of nine large-scale financial knowledge publicity and educational campaigns to enhance public welfare, six of which were launched jointly with regulators: "Financial Consumer Rights Day", the "One-week Campaign for Customers' Rights Protection Education", the Campaign of "Spreading Financial Awareness regarding Funds Safety", the Campaign for "Spreading Financial Knowledge", and the "One-month Campaign to Deliver Financial Knowledge to Thousands of Families" and the Campaign of "Staying True to the Mission of Financial Services, Empowering Society through Knowledge and Education". The Bank has carried out three activities independently: the "One-month Campaign for Protecting Customers' Rights and Interests", the "One-week Campaign to Educate "Little Financiers", and the "Caring for Special Customer Groups" activities. During the year, the Bank's branches carried out nine assessments of the effectiveness of special activities, participated in 2,365 activities involving 1,621.3 thousand consumers, released 115 original risk warnings and case-based publicity guides, and engaged in 79 media promotion activities.

## 6 Giving Back to the Society and Achieving Win-win Results (Continued)

### Customers' Rights and Interests Protection Publicity Week

In order to effectively implement the "people-centered" development philosophy, the Bank launched a one-week "3·15" campaign to educate the public regarding customers' rights protection, with the theme of "With People as the Core, Enhancing Financial Consumers' Sense of Fulfilment" from 15 March 2021 to 21 March 2021. The Bank optimised the methods for publicising financial knowledge, which included promoting materials such as the "Eight Basic Rights of Financial Consumers", online live broadcasts and simulcasting, virtual visits to financial education demonstration bases, cloud-based classes for spreading financial knowledge, and cloud-based selection of outstanding volunteers to promote financial knowledge. The Bank actively participated in the online live broadcast organised by the CBIRC's Liaoning Bureau, and launched a promotional activity towards consumers with the theme of "Controlling Risks and Safeguarding Rights According to the Laws – Protection of the Eight Rights of Financial Consumers in the Information Age", which encouraged people to learn about these financial issues and publicised basic financial knowledge that can be applied in people's daily lives.



### One-week Campaign to Educate "Little Financiers"

In order to improve the financial knowledge of young people, the Bank capitalised on the opportunity of June 1 Children's Day to carry out an activity named the "one-week campaign to educate 'little financiers'" from 31 May 2021 to 8 June 2021. With the slogans of "delivering financial knowledge to thousands of families", "becoming a little banker" and "paying attention to financial literacy and wealth management from an early age", the Bank actively carried out publicity and educational activities through green channels such as online media, TV, and LCD advertising screens, as well as through online channels including official WeChat accounts and Bilibili to communicate information in real time about activities and expand the audience of the publicity and educational activities. One of the volunteers who was selected by the Bank to conduct the publicity and educational campaign hosted a relaxed and interesting online live-streaming class with the theme of "Little Financiers" on Tiktok. The volunteer discussed finance using words suitable for young children, introduced the long development history of currencies and discussed how money is created with the story of "Uncle Fisherman", in order to allow the youngsters to understand the history of finance and the role of currency.





## 6 Giving Back to the Society and Achieving Win-win Results (Continued)

### “Spreading Financial Awareness regarding Funds Safety”

The Panjin branch, together with Panjin Huafa International High School, Zhanqian Community and Jing'an Community in Shuangtaizi District, launched the publicity activities of “Spreading Financial Awareness regarding Funds Safety”. The target audience of these publicity activities is mainly the elderly population who are responsible for the logistics of the school and the elderly population in the communities. Through offline centralised presentations and Q&A sessions, we first popularised financial knowledge, strengthened their awareness of risk and responsibility, and reminded them to be alert to relevant financial scams such as frauds involving telecommunications, the Internet, and illegal fundraising.



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

In order to effectively enhance the self-protection awareness and risk prevention ability of financial consumers, in September 2021, the Bank organised its branches to launch the campaign for “Delivering Financial Knowledge to Thousands of Families and Encouraging Rational Investment and Proper Use of Online Financial Services in 2021”, with the aim of spreading financial knowledge, enhancing financial literacy, building a healthy cyberspace, and improving people’s lives. Focusing on “the elderly and the children” and encouraging the middle group in participation, the Bank launched targeted financial education activities on “red” financial history, rational investment, rational consumption and deposit insurance. To carry out these activities, the Bank produced educational materials on financial knowledge, held publicity and educational activities on demonstration bases, and issued risk reminders “based on case studies”. These activities effectively broadened consumers’ exposure to financial knowledge, encouraged consumers to make rational choices and proper use of financial products and services, and encouraged them to consciously resist online financial rumours and negative financial energy, jointly build a healthy cyberspace and effectively improve the initiative of consumers to learn financial knowledge.



## 6 Giving Back to the Society and Achieving Win-win Results (Continued)

### 6.3 Contributing to Employees' Career Development

Details regarding the Bank's employees in terms of gender, type of employment, age group, region, new entrants and minority backgrounds as at 31 December 2021 are set out below:

Type	As at 31 December 2021		As at 31 December 2020		
	Number	Percentage	Number	Percentage	
Total number of employees	8,099	100.00	7,556	100.00	
By gender	Male	3,638	44.92	3,412	45.16
	Female	4,461	55.08	4,144	54.84
By type of employment	Contract-based employees	8,099	100.00	7,556	100.00
By age group	Below 30 (inclusive) years old	2,423	29.92	2,538	33.59
	From 31 to 40 (inclusive) years old	3,514	43.39	2,876	38.06
	From 41 to 50 (inclusive) years old	1,257	15.52	1,304	17.26
	Over 50 years old	905	11.17	838	11.09
By region	Within Liaoning province	6,741	83.23	6,262	82.87
	Outside Liaoning province	1,358	16.77	1,294	17.13
New entrants	726	8.96	1,464	19.38	
Employees from ethnic minorities	803	9.91	710	9.40	

## 6 Giving Back to the Society and Achieving Win-win Results (Continued)

Employee turnover by gender, age group and geographical region as at 31 December 2021 is set out below:

Type	As at 31 December 2021		As at 31 December 2020	
	Number	Percentage	Number	Percentage
Total turnover of employees	303	3.74	243	3.22
By gender				
Male	144	47.52	115	47.33
Female	159	52.48	128	52.67
By age group				
Below 30 (inclusive) years old	120	39.60	91	37.45
From 31 to 40 (inclusive) years old	94	31.02	92	37.85
From 41 to 50 (inclusive) years old	43	14.19	30	12.35
Over 50 years old	46	15.19	30	12.35
By region				
Within Liaoning province	176	58.09	135	55.56
Outside Liaoning province	127	41.91	108	44.44

### Safeguard the rights and interests of employees

With respect to protecting employees' rights and interests, the Bank has adopted contract management and entered into labour contracts with all employees. The Bank has paid employees' salaries in full on a timely basis in accordance with the requirements of the Regulatory Guidelines for the Stability of Remuneration in Commercial Banks issued by the CBRC. In 2021, the Bank rebuilt a diversified remuneration system aligned with different positions and the characteristics of different types of talents. By dividing the system into five series, significantly widening the salary scale and solving problems around grading solidification and career development bottlenecks, the Bank provided its employees with more job options and promotion channels, thus strengthening its ability to attract, motivate and retain talents. Meanwhile, the Bank has offered supplementary medical insurance and annuity insurance (supplementary pension insurance) for its employees in addition to making statutory contributions to five types of insurance and one housing fund. With arrangements such as these, we are improving the remuneration and welfare benefits of our employees and fully protecting their rights and interests.

For remuneration management, the Bank formulated the Management Measures of Shengjing Bank for Remuneration, the Management Measures of Shengjing Bank for Staff Level Assessment of Professional Skills, the Administrative Measures for Staff Ranks of Shengjing Bank, the Management Measures of Shengjing Bank for the Levels of Risks and Responsibilities of Posts, the Plan of Shengjing Bank for Enterprise Annuities, the Plan of Shengjing Bank for Supplementary Medical Insurance, and the Rules of Shengjing Bank on the Remuneration of Introduced or Exchanged Middle-Level and Senior Executives. These documents specify the components and delivery models for the staff's remuneration, provide for enterprise annuities and supplementary medical insurance in addition to the basic welfare guarantee, and further enrich the types and content of the staff's welfare.

## 6 Giving Back to the Society and Achieving Win-win Results (Continued)

For recruitment management, the Bank has formulated relevant systems, including the Administrative Measures for Staff Recruitment of Shengjing Bank. With respect to the introduction of employees, the Bank emphasises the principle of open, fair and impartial recruitment. The Bank has also established a supervision and support system to ensure objective and fair recruitment and equal employment opportunities. In addition, the Bank strictly abides by the Labour Law and other relevant laws and regulations, and prohibits child labour and forced labour in its business activities. If such cases are discovered and confirmed after investigation, the Bank will take appropriate actions, including but not limited to disciplinary actions, initiating legal procedures and/or reporting the relevant individuals to the appropriate government and regulatory authorities.

For labour relations management, the Bank has issued the Implementation Guidelines of Shengjing Bank for the Labour Contract System for All Staff and the Management Measures of Shengjing Bank for Employment, which emphasise the management of the contract system for all staff, establish an employment mechanism with a labour contract management system as its core, enhance the main responsibilities of the Bank, and boost the Bank's business development and the career development of its staff. In addition, the Bank has established the Management System of Shengjing Bank for Attendance, which puts forward a working system of "five days a week and eight hours a day" and a system for overtime payment. The Bank specifies statutory leave, such as sick leave, personal leave, maternity leave and wedding leave; and the Bank has issued the Management Measures of Shengjing Bank for Leave and Holidays, which details the standard management and approval procedures for paid annual leave to adequately guarantee staff's rights and interests. In the past 3 years (including the reporting year), no employees of the Bank were injured or died due to work-related causes.

### Career Development:

With respect to the career development of employees, first, through a systematic, scientific and customised training system, the Bank strengthened employees' learning awareness, enriched their learning tools, consolidated their basic skills and helped them exert their abilities. Meanwhile, the Bank organised skill competitions among employees from time to time, included employees' daily work as competition items, created a competitive atmosphere through competitions, encouraged employees to proactively improve their business capabilities, and effectively guided their future development focuses. Second, the Bank promoted meritorious deeds, set excellent examples, and carefully carried out various publicity activities with the aim of "learning about, implementing and promoting meritorious deeds", so as to effectively enhance employees' awareness and ability to serve the enterprise and society. Through means including regular employee seminars and family interviews, the Bank effectively communicates with employees to gain an understanding of employees' thoughts, motivate employees to work positively, enable them to be fully aware of the relationship between work and their growth, and set career development goals for employees. Third, the Bank improved the employee evaluation and appraisal system, deepened the construction of the human resources management system, and continued to promote the enterprise-based selection and recruitment mechanism that "appoints premium talent to higher positions and the ordinary to lower positions, while eliminating the inferior". Adopting the principle of openness, fairness and impartiality, the Bank fully mobilised the activeness, initiative and creativity of all employees, guided employees to continuously improve their working abilities, working efficiency and performance, and promoted the win-win development of the enterprise and its employees.

### Establishing a career development platform for staff

The Bank has built an extensive career development platform for its staff. In this regard, we have replaced the single career development path that consisted of promotion via appointment with five major career pathways: "management, marketing, technology, operations, and consulting". This change will allow employees to choose their career paths based on their own strengths and characteristics and also facilitate the joint development of the Bank and its staff. Based on a comprehensive and systematic analysis of its existing human resources, the Bank has established the workforce capability assessment criteria after considering the characteristics of different types of employees, such as age, knowledge, literacy and occupational orientation and adopting means such as targeted training, regular exchanges, and quota-based job rotation, in order to guide the career growth of our staff, promote the reasonable transformation of human resources into human capital, enhance the value of human capital, and sharpen the Bank's competitive edge.

## 6 Giving Back to the Society and Achieving Win-win Results (Continued)

### Valuing of Employee Training:

The Bank highly values employee training. The Bank centrally plans and manages training, while assigning responsibilities and implementation tasks to different levels, which aligns closely with the Bank's need for business development talent and improves employees' management and professional capabilities. In accordance with its latest established systems, the Bank vigorously carried out compliance training and improved its employees' compliance awareness through different learning systems and training tests; actively promoted e-learning; and used online learning platforms to provide comprehensive training covering Party building, compliance, inclusive finance and courses on various professional skills. The Bank flexibly carried out training activities through live online broadcasts, compulsory courses and optional courses in order to strengthen employees' independent learning.

In 2021, the Bank steadily provided various training courses to its employees. These training courses effectively supported the Bank's business while raising overall staff quality, and comprehensively improved the Bank's internal control and compliance levels. The training sessions cover Party building, professional skills and professional ethics, internal control compliance, risk management, service marketing and other areas, in order to comprehensively improve the professional skills and quality of employees. During the reporting period, the Bank delivered various training sessions, recording participation of more than 0.52 million person-times, which amounts to 100% coverage of the training headcount.

Index	Unit	2021	2020
Proportion of male participants	Percentage	40	35
Proportion of female participants	Percentage	60	65
Proportion of participants who are middle and senior-level operating and management personnel	Percentage	7	8
Proportion of participants who are junior operating and management personnel	Percentage	8	12
Proportion of participants who are ordinary employees	Percentage	85	80

Index	Unit	2021	2020
Average credit hours (male)	Hour	82	64
Average credit hours (female)	Hour	95	96
Average credit hours (middle and senior-level operating and management personnel)	Hour	45	50
Average credit hours (junior operating and management personnel)	Hour	85	131
Average credit hours (ordinary employees)	Hour	98	82

## 6 Giving Back to the Society and Achieving Win-win Results (Continued)

### Case:

The Bank has always paid attention to social issues such as energy conservation, environmental protection and anti-corruption, and it is committed to the long-term sustainable development of the enterprise and the incorporation of corporate responsibility into diverse training courses. In 2021, the Bank actively organised training related to energy conservation and environmental protection topics, such as "green credit" business and knowledge lectures. We also staged special training courses on risk aversion for bank loans, anti-money laundering data governance, risk management, reputation management and other topics during which we provided systematic knowledge popularisation on commercial bribery and anti-corruption and professional explanation on their applicability. In addition, the Bank strived to improve its green financial service capabilities, steadily promoted its development as a green bank, and actively prevented environmental and social risks.



### Case:

On 19 July 2021, Shengjing Bank Training Centre conducted training for 189 new graduate recruits. For the 32-day centralised training involving nearly 200 fresh graduates, the training centre selected excellent internal trainers, department heads, and core business personnel within the Bank to give lectures. Considering the needs of newly recruited employees and their perspectives, and focusing on the nodes of their career development, the training centre devised training implementation plans, sorted out and integrated training content, and placed emphasis on consolidating comprehensive quality, professional norms and skills training, among other areas. Through on-site teaching, e-learning, environmental simulation, computer practice, guidance on skills and other diversified teaching styles, the Bank carried out training on corporate culture, strategic planning of corporate development, rules and regulations, workplace etiquette, professional knowledge, business skills, etc. We endeavoured to shorten the adaptation phase for new employees, help them quickly transition into their roles, improve their professional knowledge and skills, and cultivate their professionalism and ability to follow rules, with the goal of helping them take the correct first step in their career paths.



## Enriching the Leisure Life of Employees

The Bank is committed to enriching its employees' leisure and cultural lives and supporting their physical and mental health to enhance the cohesion, team spirit and corporate responsibility of employees. We strive to make them feel honoured to be part of the team and ignite their passion to forge ahead and make contributions based on their work responsibilities. Adhering to its people-oriented philosophy, the Bank actively made plans to protect employees' the rights and interests and enrich the cultural life of employees and strived for practical results in order to continuously improve group cohesion and give employees' a sense of achievement. By organising a series of cultural and sports activities and adopting various employee care initiatives, our employees are able to devote themselves to work in a refreshed and revitalised state with improved execution skills and cohesion. These efforts have helped us achieve the strategic goal to "build a sound bank" while also adding lustre to the leisure time of frontline staff and creating a healthier and more optimistic corporate culture and environment. Besides, these efforts also stimulated employees' passion for work, enhanced their execution skills and cohesion of the workforce, and encouraged them to devote themselves to work in a refreshed and revitalised state, which in turn laid a solid foundation for achieving the strategic goal to "build a sound bank".

## 6 Giving Back to the Society and Achieving Win-win Results (Continued)

### Recreational and Sports Activities

The Bank has established over 50 cultural and sports associations, covering basketball, football, table tennis, badminton, swimming, chess, cards, cycling, dancing, calligraphy, photography, choir, reading, speech, yoga, and other areas. In 2021, subject to ensuring pandemic prevention and control, the Bank held more than 3,000 cultural and sports activities. On International Women's Day, we launched the themed activity of "Learning from the Spirit of Women, Respecting and Advocating Outstanding Deeds, and Striving to be Meritorious Models"; and on May Day, we organised bank-wide physical fitness activities (e.g. hiking, mountain climbing, spring outing, and cycling); art, calligraphy and photo exhibitions with the theme of "New Mission in the New Era with New Achievements during the New Journey"; and a movie-related activity with the theme of "Carrying Forward the Spirit Forged in the War to Resist U.S. Aggression and Aid Korea, and Living up to the Heroic Oath of the 'Three Disbeliefs'", during which over 500 employees were organised to watch the movie "The Battle at Lake Changjin". These activities recorded more than 35 thousand person-time participants. While enriching the leisure life of the staff, these activities made employees feel honoured to be part of the team, which in turn ignited their passion for work.



## 6 Giving Back to the Society and Achieving Win-win Results (Continued)

### Supporting Employees When They Face Difficulties

Supporting employees who are facing difficulties:: The Head Office's trade union offered aid to more than 66 employees with financial difficulties.

Health checks: The Collective Contract was prepared to include health checks for employees, clarifying that each employee is entitled to a health check once a year.

Festival perks: The Bank extends care and best wishes to employees during important festivals.

Birthday blessings: The Bank sends birthday cakes and birthday greetings to employees on their birthdays.

#### Case:

In 2021, the Bank carried out a series of activities with the theme of "Providing Support for the Health of Employees". First, it established special funds for pandemic prevention and control, organised and carried out the special activity of "Supporting the Fight Against COVID-19", and distributed 0.39 million medical masks to the staff of the Bank. Second, when vaccines were in short supply, the labour union of the head office contacted designated hospitals to vaccinate 1,246 people at the head office in batches at different time periods. Meanwhile, we arranged for 145 people who have not been vaccinated due to special circumstances to go to community hospitals for vaccinations successively. The vaccination rate of the head office reached 82.5%, and the vaccination rate of the Bank was 86.9%. In this way, we established an immunity barrier against COVID-19 across the Bank. Third, the Bank organised health examinations for cadres and other employees of the head office and distributed first-aid kits to each department to provide for emergency response support.

#### Visits to Early-Retired Staff

In order to implement the requirements of dismissing the Bank's junior, middle, and senior management personnel from management positions in advance while making them feel the Bank's warmth and care, the labour unions organised visits and interviews to these early-retired employees, delivered consolation gifts to their homes to gain a detailed understanding of their daily lives and actively demonstrated Shengjing Bank's care and concern for them, with the goal of narrowing the distance between in-service staff and retirees and enhancing the sense of belonging of all employees.





## 6 Giving Back to the Society and Achieving Win-win Results (Continued)

### 6.4 Commitment to Public Welfare

The Bank actively participates in public welfare undertakings and organises various charity events. In 2021, the Bank made donations to the family members of provincial and municipal police officers who died on duty, police officers who were injured or disabled on duty, the Veterans Care Foundation of the Provincial Department of Veterans Affairs, the Shenyang Foundation for Disabled Persons, and the representatives of outstanding citizens who demonstrated the courage to battle criminals as recognised by the Political and Legal Affairs Commission. During the reporting period, Shengjing Bank donated RMB5.365 million to public welfare projects and designated poverty alleviation organisations, and was named an Excellent Financial Institution in Poverty Alleviation by Finance.China.com.cn.

#### Donations

In December 2021, in order to meet its social responsibilities and encourage people to help others in emergencies, the Bank donated RMB0.24million to individuals (and their families) who had received national awards for bravery. In this way, Shengjing Bank has strived to uphold traditional Chinese virtues and has fulfilled its social responsibilities. The Bank's support for the good deeds of these individuals who helped others in emergencies was praised by the individuals concerned.

#### Precise Poverty Alleviation

The Bank continued to implement the precise poverty alleviation policy of the Shenyang government and the municipal Party committee, and carried out targeted poverty alleviation efforts in Zhoutuozi Township, Xinmin City. In 2021, the Bank spent RMB0.12 million on heating renovation work for 20 disadvantaged households. In addition, the Bank's branches dispatched their major secretaries to Xinmin Village, Kangping Villages and Liaozhong Village to alleviate poverty in these poverty-stricken villages by adjusting the industrial structure and solving issues around the registration of disadvantaged households.



## 6 Giving Back to the Society and Achieving Win-win Results (Continued)

### 6.5 Combating the Pandemic Together

In 2021, the recurrent outbreaks of COVID-19 severely impacted China's economy and society. Shengjing Bank believes that it is the responsibility of every enterprise to prevent and control the pandemic. Amid the pandemic, Shengjing Bank reacted swiftly by implementing a series of measures to fully support pandemic prevention and control work in areas where its branches are located, support the resumption of work and production by enterprises, and fulfil its social responsibilities as a financial institution.

#### Providing financial services to companies facing pandemic-related issues

Impacted by the pandemic, some companies with relatively weak risk tolerance are facing problems such as fund shortfalls and liquidity difficulties. To ensure the stable operation of the real economy, Shengjing Bank proactively provided financial services for distressed companies, and did not arbitrarily reduce, rescind or terminate loans to its customers. Under the premise of risk control and compliance-based operations, the Bank offered reasonable loan extensions and renewals and also deferred interest payments. As at the end of December 2021, a total of 3 customers of the Bank's Beijing branch had been allowed to postpone interest and principal repayment, including 3 customers with deferred payment of loan principal and 1 customer with deferred payment of loan interest.



#### Demonstrating the "warmth of Shengjing Bank" amid the pandemic

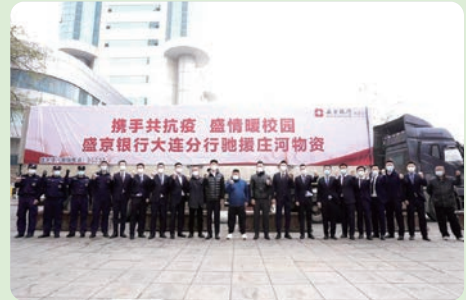
In April 2021, the Bank's Anshan branch proactively helped the community solve "difficulties in fighting the pandemic" by organising cadres and employees to pay visits to the Hunan Street Community, where they provided the community's pandemic prevention staff with masks, sanitisers, gloves and other supplies to support the fight against the pandemic. In this way, the Bank was able to demonstrate its respect and care for frontline workers who are involved in the prevention and control of the pandemic. The supply donations were favourably received by relevant frontline staff. The director of the Hunan Street Community said that Shengjing Bank had provided timely and significant support for pandemic prevention and control with its generous donations amid the pandemic. In addition, to demonstrate the "warmth of Shengjing Bank", the Anshan branch provided financial support to consolidate the results of pandemic prevention and control and completely defeat the pandemic.



## 6 Giving Back to the Society and Achieving Win-win Results (Continued)

### Supporting universities in the fight against the pandemic

In November 2021, with the sudden outbreak of the pandemic in Zhuanghe, Dalian, the pandemic prevention and control situation in Zhuanghe University City became most pressing. Against this backdrop, the Bank's Dalian branch actively fulfilled its social responsibilities and donated supplies to the teachers and students of Zhuanghe University City to support the fight against the pandemic. We promptly contacted relevant personnel in Zhuanghe University City, proactively responded to their demands, and gathered and sent living necessities to them through multiple channels. The living necessities were distributed to colleges and universities by special cars through contactless delivery, which helped relieve pressure on the colleges and universities while also demonstrating the Bank's warmth and support for Dalian's pandemic prevention and control work.



## Prospects for 2022



In 2022, the global economy and financial markets are still facing significant uncertainty; but overall, more opportunities exist than challenges. China has recently embarked on a new journey towards achieving its second centennial goal, and its prospects are bright. The country's economy still has strong upward momentum from a long-term perspective, huge market development potential and strong development resilience. With the continued implementation of the green development strategy promoted by the 14th Five-Year Plan, providing support

for a green, low-carbon and circular economy has become a crucial mission of the financial system, and this mission also offers numerous opportunities for the transformation and development of the banking industry. Meanwhile, China's new round of strategies for revitalising northeast China is being steadily implemented. Going forward, Liaoning Province will focus on the "three articles" of restructuring, construct a "digital Liaoning", build a more intelligent province, adhere to the path of green development, promote the green transformation of industries, and accelerate the province's development momentum. We fully expect these initiatives to bring a range of new development opportunities for banks within the region.

In 2022, the Bank will fully implement the decisions and plans of the CPC Central Committee, the State Council, the Provincial Party Committee and the Provincial Government, and the Municipal Party Committee and Municipal Government. Based on its vision to "build a sound bank", Shengjing Bank has always positioned itself as a bank dedicated to "serving the local economy, serving small and medium-sized enterprises, and serving urban and rural residents" in order to fulfil its financial mission of deepening and developing its presence in Shenyang and Liaoning. The Bank will continue to promote its transformation and development, actively implement the concept of inclusive finance, continuously strengthen internal control and risk management, insist on the development of green finance, focus on the "carbon neutrality and carbon peaking" objectives, and continue to fulfil its social responsibilities as a financial institution. In this way, we will strive to meet our economic, social and environmental responsibilities, and comprehensively start a new journey of high-quality and sustainable development!

# Independent Limited Assurance Report

畢馬威華振通字第2200080號

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

We were engaged by the Board of Directors of Shengjing Bank Co., Ltd. ("the Bank") to provide limited assurance on the 2021 Environmental, Social and Governance Report of the Bank for the year ended 31 December 2021 ("the ESG Report").

## I. Responsibilities of the Board of Directors

The Board of Directors of the Bank is solely responsible for the preparation and presentation of the 2021 ESG Report, including the information and assertions contained within it, in accordance with the disclosure recommendations of The Stock Exchange of Hong Kong Limited's Guidelines for Environmental, Social and Governance Reporting ("SEHK's Guidelines").

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

## II. Responsibilities of KPMG

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

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

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

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

## Independent Limited Assurance Report (Continued)

### III. Summary of work performed

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

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

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

### IV. Conclusions

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

**KPMG Huazhen LLP**  
**Beijing**

27 May, 2022

# ESG Indicator Index

Subject Areas and Aspects			General Disclosures		Disclosure Location
A1 Emissions	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Pages 30-32	A1.1	The types of emissions and respective emissions data	Page 30
			A1.2	Direct and energy indirect greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Page 30
			A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	N.A.
			A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Page 31
			A1.5	Description of emission target(s) set and steps taken to achieve them.	Page 31-32
			A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Page 31-32
A2 Use of resources	Policies on the efficient use of resources, including energy, water and other raw materials.	Pages 30-32	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Page 30
			A2.2	Water consumption in total and intensity (e.g. per unit of production volume per facility).	Page 30
			A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Pages 31-32
			A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Pages 31
			A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N.A.
A3 Environment and natural resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	Pages 30-32	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Pages 31-32
A4 Climate change	Policies on identifying and addressing major climate-related issues that have already had or may have an impact on the issuer.	Pages 30-32	A4.1	Description of major climate-related issues that have already had or may have an impact on the issuer, and response actions	Pages 31-32
B1 Employment	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Pages 41-42	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Page 40
			B1.2	Employee turnover rate by gender, age group and geographical region.	Page 41
B2 Health and safety	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Page 41-42	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Page 42
			B2.2	Lost days due to work injury.	N.A.
			B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Page 42

## ESG Indicator Index (Continued)

Subject Areas and Aspects			General Disclosures		Disclosure Location
B3 Development and training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Page 43-44	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Page 43
			B3.2	The average training hours completed per employee by gender and employee category.	Page 43
B4 Labour standards	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Page 42	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Page 42
			B4.2	Description of steps taken to eliminate such practices when discovered.	Page 42
B5 Supply chain management	Policies on managing environmental and social risks of the supply chain.	Page 33	B5.1	Number of suppliers by geographical region.	Page 33
			B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Page 33
			B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Page 33
			B5.4	Description of practices that promote the increased use of environmentally friendly products and services when choosing suppliers, and how they are implemented and monitored.	Page 33
B6 Product responsibility	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Pages 18-34-39	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N.A.
			B6.2	Number of products and service related complaints received and how they are dealt with.	Pages 37
			B6.3	Description of practices relating to observing and protecting intellectual property rights.	Page 18
			B6.4	Description of quality assurance process and recall procedures.	N.A.
			B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Pages 37
B7 Anti-corruption	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Page 17	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	N.A.
			B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Page 16
			B7.3	Description of anti-corruption training provided to directors and employees.	Page 16
B8 Community investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Pages 34-50 Pages 29-42	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Pages 34-50
			B8.2	Resources contributed (e.g. money or time) to the focus area.	Pages 34-50



# Feedback from Readers

## Feedback from readers

Thank you for reading the 2021 Environmental, Social and Governance Report of Shengjing Bank. With the aim of enhancing communication and exchanges with stakeholders and improving the Bank's ability to perform its social responsibilities, we hope that you can evaluate this report and provide us with your valuable comments and suggestions. You can fill out the below feedback form and choose any of the following ways to send us your opinions.

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

- Government     Regulator     Shareholder     Customer     Employee  
 Vendor     Partner     Community     Environment     Others

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

- Poor     Average     Good     Excellent

**3. Your evaluation of Shengjing Bank's performance of social responsibilities related to economic development:**

- Poor     Average     Good     Excellent

**4. Your evaluation of Shengjing Bank's performance of social responsibilities related to the environment:**

- Poor     Average     Good     Excellent

**5. Your evaluation of Shengjing Bank's performance of social responsibilities related to social progress:**

- Poor     Average     Good     Excellent

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

- No     Average     Yes

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

- No     Average     Yes

**8. Do you have any other comments or suggestions on the report or on how Shengjing Bank could improve the performance of its social responsibilities?**

Thank you for your care and support for Shengjing Bank!



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