

CHINA ZHESHANG BANK CO., LTD.

Corporate Social Responsibility

Report 2022

March 2023

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Notice About Report Preparation

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

Reporting boundaries

Organizational Scope: The report focuses on China Zheshang Bank Co., Ltd. and partly involves its subsidiaries. For the sake of convenience, "China Zheshang Bank Co., Ltd." in the report is hereinafter referred to as "CZBank", "the Bank" or "we".

Reporting period: Jan.1, 2022 - Dec.31, 2022 (Part of the contents go beyond the above reporting period)

Reporting cycle: Each fiscal year. Last year's report was released in March 2022.

The financial data in this report is derived from the audited China Zheshang Bank Co., Ltd. 2022 Annual Report, while other data is collected based on CZBank's internal documents and relevant statistics. Part of the contents and data can be traced back to previous years.

Preparation basis

This report is prepared in accordance with relevant requirements set forth in the *Opinions on Strengthening the Social Responsibility of Banking Financial Institutions* and *Measures for the Supervision and Evaluation on the Protection of Consumer Rights and Interests of Banking and Insurance Institutions* issued by the China Banking and Insurance Regulatory Commission (CBIRC), *China Banking Association's Guidelines for Corporate Social Responsibility of China's Banking Financial Institutions*, *Shanghai Stock Exchange's Notice on Strengthening Listed Companies' Assumption of Social Responsibility and the Guidelines on Listed Companies' Environmental Information Disclosure, Guidelines No.1 of Shanghai Stock Exchange on Self-regulation of Listed Companies - Compliant Operation*, *Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Guidelines*, and also complies with *ISO 26000:2010, Guidance on Social Responsibility* released by the International Standardization Organization (ISO), Global Reporting Initiative (GRI) Standards and etc.

Reporting principles

- **Materiality:** The report identifies and responds to important ESG issues affecting the sustainable development of CZBank based on stakeholder online surveys, information analysis, among others. The process and results of the materiality analysis have been described in detail herein.
- **Quantitative:** The report has disclosed the quantitative key ESG performance of CZBank.
- **Consistency:** The report is as consistent as possible with the indicators used in different reporting periods, and the indicators that have changed are explained to reflect trends in performance levels.
- **Balance:** The content of the report reflects objective facts and discloses both positive and negative indicators.

Currency of denomination

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

Report guarantee

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

Reporting language

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

Report publication

The report is published in electronic form.

Website for access and download: <http://www.czbank.com/>; <http://www.hkex.com.hk/>.

Overview

In 2022, China embarked on a journey towards its Second Centenary Goal of growing into a great modern socialist country in all aspects. Also in 2022, the Communist Party of China (CPC) convened its 20th Party Congress. Such a context propelled CZBank to press forward towards an excellent transition. Finance is essential for a country's development, with the purpose of serving people. In the past year, adhering to the principle of "finance for good", CZBank continuously improved corporate governance, and actively incorporated ESG into green finance, inclusive finance, human capital development, and the construction of the Zhejiang Demonstration Zone for Common Prosperity, for the purpose of achieving high-quality sustainable development, and creating social, environmental, and economic benefits.

Achieving rapid high-quality development under the leadership of the Party. In 2022, we set the goal of building CZBank into an influential, competitive, and cohesive first-class commercial bank. In line with this goal, we developed four overarching strategies and 12-character operating principles. Specifically for asset quality management, we took the "less economically sensitive assets" strategy and four key measures, which were proven to be very successful. In terms of CSR, we also achieved excellent performance. As of the end of 2022, CZBank recorded RMB 2,621.93 billion of gross assets, an increase of 14.66% from the beginning of the year, with a provision coverage of 182.19% and a non-performing loan ratio of 1.47%. CZBank ranked 79th by Tier 1 capital on the list of Top 1000 World Banks 2022 published by The Banker, staying among top-100 banks in the world for five consecutive years. Its MSCI ESG rating was upgraded from BBB to A, the highest rating among Chinese banks.

Setting an industry exemplar in promoting common prosperity in Zhejiang. In the past year, we customized a range of service plans and models for Zhejiang to promote its common prosperity at social and economic levels. Specifically, we launched the "Standard-Bearer" Financial Advisory Program, fully participated in Zhejiang's digital reform, and customized assistance solutions that propel the leapfrog development of 26 counties in mountainous areas. By the end of 2022, we had provided more than RMB 800 billion of financing in Zhejiang, including RMB 414.706 billion for 51,000 enterprises, and RMB 48.707 billion for the 26 counties in the mountainous areas. In addition, we led a financial advisory program involving about 1,800 advisors and launched 38 key applications such as the Big Data Risk Management Platform and Digital Intelligent Review Management Platform. These efforts contributed to the common prosperity and economic development of Zhejiang.

Promoting economic development for the benefit of people. With the mission of serving the real economy for the benefit of people, we continuously improved service quality and efficiency — primarily in terms of supply chain finance, inclusive finance, technological innovation finance, comprehensive finance, and digital finance — for key and weak areas in the real economy. By the end of 2022, the total loan balance and advances reached RMB 1,525.03 billion, representing an increase of 13.20% from the beginning of this year. Among those, the balance of loans to micro and small enterprises (MSEs) as defined by national standards was RMB 341.883 billion, with a non-performing loan ratio lower than 1% for many years. The balances of manufacturing and agriculture-related loans were RMB 238.3 billion and RMB 199.924 billion respectively. To help MSEs and individual businesses pull through hard times, we granted RMB 9.005 billion of loans, and a range of bailout policies to reduce fees and interest costs and defer repayments.

Promoting green development to address climate change. In line with the carbon peaking & neutrality goals and the green finance program, we comprehensively enhanced research on climate-related risks and opportunities, integrated sustainability into our business lines, accelerated product and service innovation, and built a sustainable financial product system consisting of green loans, green bonds, and green investments. As of the end of 2022, the balances of green loans and clean energy loans were RMB 145.923 billion and RMB 12.501 billion, up 39.98% and 58.34% respectively from the beginning of the year, higher than the growth rates of other types of loans. We also issued a RMB 10 billion green bond and joined the first ESG-related syndicated loan led by a Chinese bank. While diverting more capital to sustainability-related projects, we strengthened carbon footprint management, including participating in the national electronic certificate pilot program, promoting digital offices, and adopting paperless quick reimbursement. These eco-efficient measures are part of our efforts to environmental protection.

Strengthening responsibility management to actively address the demands of stakeholders. We actively addressed the demands of stakeholders, including shareholders, including investors, customers, employees, and communities. To provide customers with a better service experience, we upgraded the online service system, optimized the management and services of outlets, and improved the complaint management and information protection systems. To empower employees in line with the values of "awe, gratitude, integrity, and responsibility", we improved the employee training system, recruited, and promoted a large number of young talents, provided a clear career development path, improved benefits and care for employees, launched Hive Community to hear employee voice, bought insurance for the families of employees, and created a harmonious workplace environment. In terms of community contribution, we innovated financial models like charity trusts to promote public welfare and launched the "One Bank Branch for One Primary School" Plan and CZBank Agricultural Support Program, an effort to build a positive society. As of the end of 2022, the 95527 service hotline recorded a customer satisfaction rate of 99.85%, the customer complaint handling rate was 100%, the training time per employee was 64.9 hours, and RMB 25.4808 million had been donated, which greatly promoted the economic and social development of our alleviation targets such as Longyou County in Quzhou City and Xuanhan County in Sichuan Province.

Drawing a roadmap towards a promising future. In 2023, upholding the spirit of the 20th Party Congress and the principle of "finance for good and for the people", CZBank will forge ahead towards a brilliant transition to high-quality development relying on abundant experience, making contributions to a better world.

Board of Directors Statement

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

Improving ESG supervision. The board oversees ESG progress across the Bank. The board office tracks the implementation of ESG proposals and reports results to the board separately, to ensure that ESG targets are closely related to operations. In 2022, a series of ESG plans were effectively implemented at various levels as a result of effective teamwork.

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

Reviewing ESG progress. In 2022, the board and its special committees approved a series of ESG-related documents, such as the China Zheshang Bank Co., Ltd. CSR Report 2021, China Zheshang Bank Co., Ltd. Green Finance Report 2021, China Zheshang Bank Co., Ltd. Consumer Protection Report 2021 and Plan for 2022, and China Zheshang Bank Co., Ltd. Anti-Money Laundering and Anti-Terrorist Financing Report 2021. They also expressed systematic suggestions and requirements on the Bank's ESG measures.

This report discloses in detail the progress of CZBank in ESG governance practices, all of which were approved by the board in March 2023.



About US

I. Company Profile

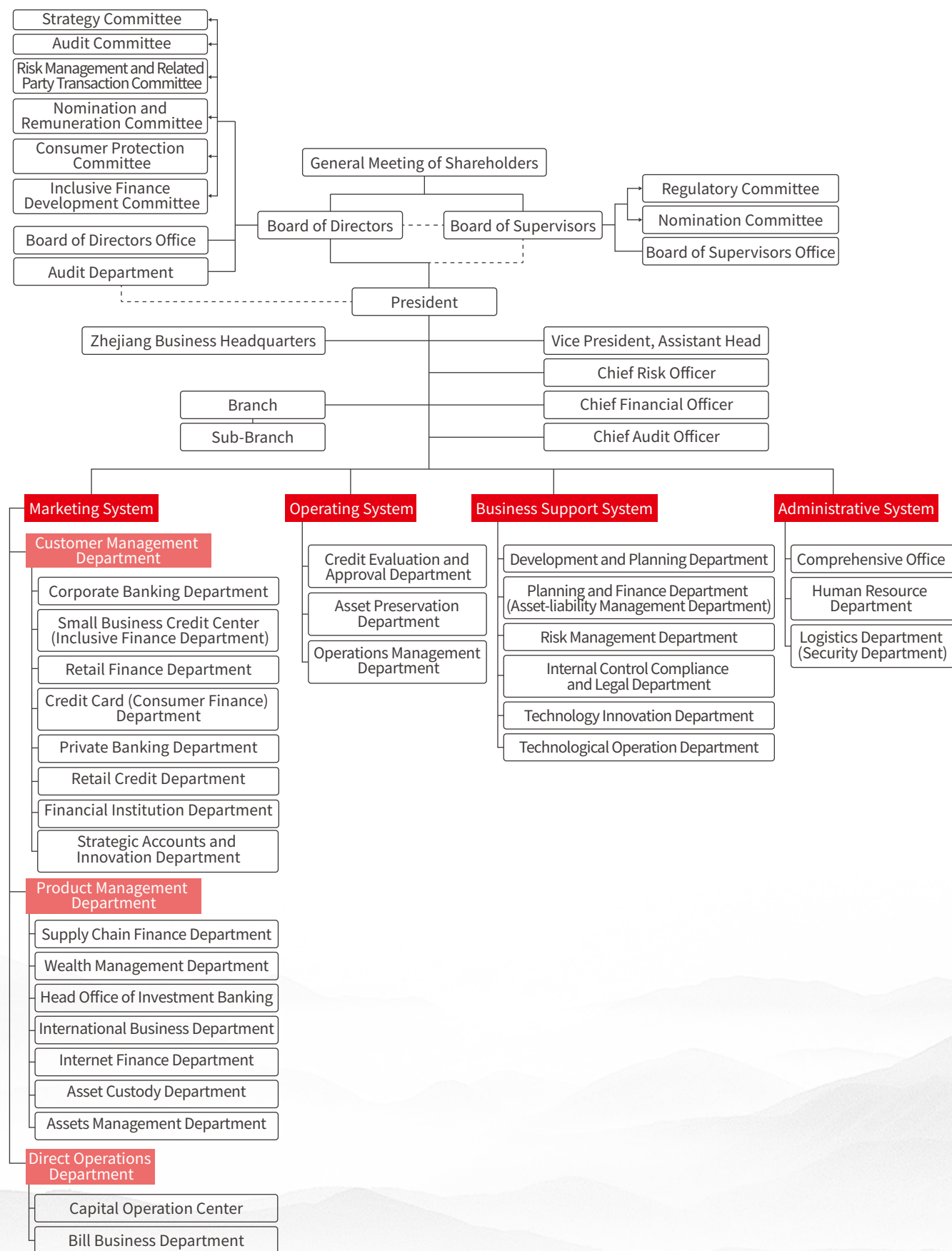
China Zheshang Bank Co., Ltd. ("CZBank") is one of the 12 nationwide joint-stock commercial banks in China. Headquartered in Hangzhou, Zhejiang Province, CZBank officially opened for business on August 18, 2004 and is the 13th A+H share listed bank in China. Established with the aim of serving the whole country, the Zhejiang-based CZBank has been developing steadily since its operation, and has now become an excellent commercial bank with solid foundation, good benefits and sound risk control.

To be a "first-class commercial bank" focusing on Zhejiang, CZBank will actively participate in Zhejiang's digital reform, expand five business segments, and upgrade wealth management services. In addition, we will consolidate business foundation to pursue steady growth, improve corporate image in line with the "Four Dos" spirit (do it, do good, do it well and do well in it), and create a positive, streamlined, professional, coordinated and clean political environment. We will also comprehensively improve our financial service quality, and create a risk control and monitoring system, to safeguard the high-quality development of CZBank.

As of the end of 2022, CZBank had set up 310 branches in 22 provinces/autonomous regions/ municipalities and the Hong Kong Special Administrative Region. It ranked 79th by Tier 1 capital and 84th by total assets on the list of Top 1000 World Banks 2022 published by The Banker. CZBank was rated as "investment grade" by S&P (BBB-) and Moody's (Baa3), the highest "AAA" credit rating by CEXI and China Lianhe Credit Rating Co., Ltd., and the "A" ESG rating by MSCI.



II. Organizational Structure



III. Concept and Governance of Social Responsibility

(I) The concept of social responsibility

In line with the principle of "finance for good", CZBank incorporates social responsibility into corporate culture and core businesses, exploring a way to achieve responsible sustainability.

Corporate spirits	ActionBeliefFuture			
Common values	Owe	Gratitude	Integrity	Responsibility
Goals	First-class commercial bank High influence based on positive thoughts and actions High competitiveness based on expertise and focus High cohesiveness based on concerted efforts			
Basic cultures	Service culture	Compliance culture	Culture of excellence	Culture of harmony
Cultural consensus	Convention of CZBank <ul style="list-style-type: none">Customizing mechanisms for customers, winning customers with valueIdentify, adapt to and seek changesAlways know dos and don'tsWith belief, we go further towards our dreamsAlways be supportive to those who assume responsibility, do solid work, and pursue innovation, no matter they succeed or failStay healthy and enjoy workGratitude is an attitude, giving-back is a responsibilityMorality, goodness, self-discipline, self-improvementHonesty and integrity build reputationActively address challengesCollaborate as a teamWork for a better life			

(II) Management structure

In the Administrative Measures on Social Responsibility Management, CZBank made clear the organizational structure for social responsibility management, division of responsibilities and specific responsibilities. We are also working to promote the communication and ability improvement when it comes to performing the social responsibility work through conducting special trainings on a regular basis. During the reporting period, CZBank actively integrated ESG into the existing corporate social responsibility (CSR) management structure.

Decision-making level	As the supreme decision-making body for CSR management, the Board of Director decides the CSR management structure and strategies.
Management	A Strategy and Sustainability Committee may be established, responsible for ESG-related strategic planning, arrangements, and coordination.
Executive level	Led by the office of the board, relevant head office departments and branch banks carry out the following key CSR practices, including but not limited to assessing and identifying CSR risks and opportunities; assessing CSR tasks vs. standard requirements and excellent practices of its peers; formulating CSR goals and incorporating and executing them in various business lines and key projects; combining CSR performance indicators with operation and management of business lines; and compiling annual CSR reports.

(III) Communication with stakeholders

CZBank actively engages with stakeholders, including listening to their opinions and feedback, incorporating key issues into operations and decision-making, establishing a regular communication mechanism, and addressing their expectations and demands in a timely and sincere manner.

Stakeholder	Expectations and appeals	Means of communication
The government and regulatory institutions	Compliant operation Serving the real economy Supporting national strategies Preventing financial risks	Studying and implementing relevant financial policies Supporting the formulation of industry policies Participating in survey visits and meetings Conducting daily review and supervision Submitting statistical reports
Customers and consumers	Optimizing customer services Protecting clients' rights and interests Publicizing financial knowledge Fintech empowerment Information security and privacy protection	Online services Customer surveys 95527 Service Hotline Customer care WeChat, Tik Tok and other platforms
Shareholders and investors	Ensuring continued and steady operation Increasing return on investment Increasing company value Regulating corporate governance Preventing financial risks	Periodic reports and information disclosure Roadshows and promotion meetings General Meeting of Shareholders Investor service phone number and email address

Stakeholder	Expectations and appeals	Means of communication
Employees	Creating a healthy and safe working environment Protecting employees' rights and interests Development and training of employees Employee benefits	The staff and workers' congress Employees' cultural, physical and health activities Complaint and reporting mechanism Hive Community, "Employee Voice" Mailbox
Suppliers and partners	Expanding cooperation channels Fair and equal procurement Honest and trustworthy performance Business ethics and anti-corruption	Cooperation and communication Tendering Supplier surveys and visits
Communities	Developing inclusive finance Supporting rural revitalization Promoting charitable activities	One Bank Branch for One Primary School program CZBank's agricultural support programs (East-West Collaboration Program, "Thousands of Enterprises Joining Hands with Thousands of Villages for Poverty Eradication" Campaign) Volunteer programs by employees "Share Your Love" charity project Community services

(IV) Materiality analysis



IV. Annual Responsibility Performance

Category	Indicator	Unit	2022	2021	2020
Governance performance	Number of directors	No.	13	15	15
	Number of board meetings	No.	14	16	10
	Average attendance at board meetings	/	99.45%	93.44%	96.75%
Economic performance ¹	Total assets	RMB (100 million)	26,219.30	22,867.23	20,482.25
	Operating revenue	RMB (100 million)	611.52	545.84	477.71
	After-tax profit	RMB (100 million)	139.89	129.16	125.59
	Total tax	RMB (100 million)	126.54	117.98	96.46
	Capital adequacy ratio	/	11.60%	12.89%	12.93%
	Balance of loans to MSEs as defined by national standards	RMB (100 million)	3,418.83	2,810.37	2,539.75
	Large agricultural loan balance	RMB (100 million)	1,999.24	1,724.54	1,711.48
Environmental performance ²	Green loan balance	RMB (100 million)	1,459.23	1,042.44	785.26
	Number of e-banking transactions	10 thousand	25,143.40	22,320.41	21,527.01
	Rate of e-banking substitution	/	99.75%	99.70%	99.49%
	Total office water consumption	ton	1,673,433.65	171,454.00	147,436.00
	Total office power consumption	MWh	73,855.90	27,916.18	27,239.71
	Total fuel consumption of service vehicles	liter	607,317.39	20,409.86	17,013.08
Social performance	Social contribution per share ³	RMB	4.13	3.82	3.60
	Donations	RMB (10 thousand)	2,548.08	1,738.69	3,362.77
	Customer satisfaction rate of the 95527 service hotline	/	99.85%	99.86%	99.77%
	Total number of employees	No.	17,406	15,302	14,646
	Percentage of female employees	/	48.37%	47.69%	47.57%
	Turnover rate	/	5.68%	7.65%	6.62%
	Training time per employee	hour	64.90	62.61	57.83

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

2.Total office water consumption, total office electricity consumption(among them, the total office electricity consumption (head office) data in 2022 is 30,225.53 MWh), and total fuel consumption of service vehicles in 2022 cover the Head Office and tier-one branches in the Chinese Mainland, and those in 2020 and 2021 only cover the Head Office.
















3.Social contribution per share = basic earnings per share + (total tax + employee expenses + interest expenses + donation expenses) / total equity at the end of the period.

V. Honors and Awards

Award presenters	Awards
The Banker	Ranked 79th on the list of Top 1000 World Banks 2022
The Banker	On the list of Top 500 Banking Brands 2022, with a brand value of USD 2.79 billion
S&P, Moody's	Rated as "investment grade"
MSCI	MSCI ESG rating of "A"
General Office of the People's Government of Zhejiang Province	First Prize for the Excellent Institution Supporting the Economic and Social Development of Zhejiang Province
Zhejiang Provincial Development and Reform Commission	Supply Chain Integrated Financial Service Platform won the award of Best Application for Digital Reform in Zhejiang Province
Hangzhou Central Sub-branch of the People's Bank of China	Bank Receiving the Highest Private Enterprise Satisfaction in Zhejiang Province
Zhejiang Federation of Industry and Commerce	
Financial Services Committee of Zhejiang Chamber of Commerce	Financial Advisory Program won the 2022 Zhejiang Jinqubang Golden Goose Award
Beijing National Financial Technology Certification Center	Demonstration Banking Outlet with Innovative Services
China Foreign Exchange Trade System & National Interbank Funding Center	Interbank Local Currency Market Annual Impact Award
Shanghai Commercial Paper Exchange	Outstanding Marketing Institution, Outstanding Underwriting Institution
China Financial Certificate Authority (CFCA) cebnet.com.cn	2022 Mobile Banking Best User Experience Award, Best Digital Banking Award
Zhejiang Daily Press Group	2022 Bank of the Year in Social Contribution, 2022 People-Oriented Financial Institution in Zhejiang
China Banking and Insurance News	2022 Top 10 CSR Institutions
The Banker	"IoT + Big Data" Risk Control Platform won the Top 10 Financial Technology Innovation Award
Sina Finance	Microfinance Banking Brand
Southern Weekend	"One Bank Branch for One Primary School" Plan won the China Rural Education Excellent Practice Case Award
Jiemian News	2022 "ESG Pioneer 60" ESG Green Finance Award of the Year
the Economic Observer	2022 Bank of the Year in Mobile Payment
Treasury China	2022 Bank of the Year in Technological Innovation Finance
51Job	2022 Chinese University Students' Favorite Employers

VI. Contributing to the UN SDGs

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

Goals		Our actions
Goal 1: No poverty		Increased financial support to the 26 counties in mountainous areas, including customizing products and services according to their economic fundamentals and competitive industries.
Goal 2: Zero hunger		Empowered the economies and industry chains of the 26 counties in mountainous areas. For example, we launched the "Common Prosperity" Program to help the locals sell agricultural products out through new media platforms.
Goal 3: Good health and well-being		Initially launched pension deposit products, built the Healthcare Service Platform which helps employees and their families better access healthcare, and participated in the Zhejiang Industrial Union Employee Mutual-Aid Medical Insurance Program.
Goal 4: Quality education		Established a long-term assistance mechanism under the "One Bank Branch for One Primary School" Plan to comprehensively improve the infrastructure, living environment, and teaching quality of rural schools, enabling rural children to enjoy fairer and high-quality education.
Goal 5: Gender equality		Promoted diversity in recruitment to oppose discrimination based on gender, age, nationalities, etc., and protected the legitimate rights and interests of female employees.
Goal 6: Clean water and sanitation		Provided green loans to support the construction, upgrading and operations of urban wastewater treatment facilities, water works, and water supply and drainage pipe networks, ensuring the safety of drinking water.
Goal 7: Affordable and clean energy		Supported the construction of clean energy projects through underwriting and issuing green bonds and other products; and strengthened green building management by using energy-saving facilities, such as solar lighting systems, and air-source heat pumps.
Goal 8: Decent work and economic growth		Improved the compensation and benefit system, employee promotion system, and employee training system (e.g., designing training courses to improve employees' professional skills, management skills and business foresight)
Goal 9: Industry, innovation, and infrastructure		Launched the Spark Program to customize financial services for technological innovation enterprises; and supported the construction of key projects in Zhejiang related to transportation, low-carbon development, and clean energy.
Goal 10: Reduced inequalities		Contributed to the construction of the Zhejiang Demonstration Zone for Common Prosperity in terms of inclusive finance, non-profit financial advisory, and rural revitalization.
Goal 11: Sustainable cities and communities		Explored social financial service models, incorporated financial tools into public welfare activities, and continued to develop products and services with social purposes, as part of our efforts to achieve people-oriented development and create a better society.
Goal 12: Responsible consumption and production		Provided inclusive consumer loans to comprehensively support various types of consumer demand that improve their livelihood, thereby boosting domestic demand and accelerating consumption upgrading; and further promoted public financial education to improve people's sense of service acquisition and risk awareness.
Goal 13: Climate action		Established the Green Finance Leading Group and Supporting Carbon Peaking & Neutrality Leading Group to define green finance strategies, policies and key tasks; formulated the Carbon Peaking & Neutrality Action Plan (2021-2025); set environmental and social risk management targets; incorporated environmental factors into the risk management framework; and optimized credit access standards in line with carbon peaking & neutrality goals and energy structure adjustments
Goal 16: Peace, justice and strong institutions		Established internal reporting, risk monitoring, and internal audit mechanisms to improve internal control management, eliminating corruption and other criminal acts; and conducted the Compliance Risk Education Program to comprehensively improve employees' awareness of compliance risk.
Goal 17: Partnerships for the goals		CZBank attaches great importance to the communication with stakeholders, constantly enriches the means of communication, listens carefully to the opinions and feedback from relevant parties, and takes effective measures to sincerely respond to the expectations and appeals of interested parties in a timely manner. CZBank well performs its corporate social responsibility.

CSR Topic Setting an industry exempling in promoting common prosperity in Zhejiang

Common prosperity is the essential requirement and goal of socialism, and an important feature of Chinese-style modernization. In May 2021, the CPC Central Committee and State Council issued the Opinions on Supporting Zhejiang's High-Quality Development and Building a Demonstration Zone for Common Prosperity. This brought a new mission, reputation, unprecedented opportunities, but also great responsibility to Zhejiang. As the only national joint-stock bank headquartered in Zhejiang and a Zhejiang provincial legal person bank, CZBank is committed to setting an industry exempling in promoting common prosperity in Zhejiang.

(I) Improving policies and regulations

In 2021, CZBank issued the overarching Implementation Plan for Supporting Zhejiang's High-Quality Development and Building a Demonstration Zone for Common Prosperity (2021-2025). Based on this, we further released the Implementation Opinions of CZBank on Taking the Lead in Supporting the Construction of a Demonstration Zone for Common Prosperity ("Implementation Opinions"), the Plan of CZBank for Implementing the "Standard-Bearer" Financial Advisory Program, the Three-Year Plan of CZBank for Serving Zhejiang Province, and several other policies in 2022, promoting common prosperity in Zhejiang.

General requirements

Take a more farsighted stance to implement key strategies

Give full play to advantages to create highlights

Focus on priorities to make landmark achievements

Key targets

Achieving steady growth in the quantity of financial services:

Achieving steady growth in the quantity of financial services: Increase loans to Zhejiang at a rate not lower than the average of national joint-stock banks; by the end of 2025, the balance of various types of loans to Zhejiang reach RMB 700 billion, and the amount of financing for Zhejiang exceed RMB 1 trillion.

Enhancing financial support to weak areas:

Increase loans to manufacturing enterprises, MSEs, technological innovation enterprises, green projects, and rural revitalization projects in Zhejiang at a rate higher than the average of various types of loans; and increase the quantity of financial services to the 26 counties in mountainous areas at a rate higher than that of total quantity of financial services to Zhejiang.

Further increasing direct financing:

Underwrite more than 10% of special bonds issued by local governments in Zhejiang each year; and continue to increase the quantity of services related to bond underwriting, investment, and debt-to-equity swaps in Zhejiang.

Continuously preventing and defusing financial risks:

Strengthen risk management, keep asset quality at a reasonable level, and bail out key enterprises.

"1+6+N" Priority System

- 1 goal: Setting an industry example in promoting high-quality development and common prosperity.
- 6 demonstrations: Boosting high-quality development, promoting digital reform, serving 26 counties in mountainous areas, supporting the goals of "increasing the middle-income population" and "enriching the low-income population", promoting inclusive finance, and contributing to public welfare.
- 30 tasks: Promoting supply chain financial services, advancing the Spark Program to empower technological innovation enterprises, enhancing talent development, implementing the Zhejiang Smart Manufacturing Integration Project, improving cross-border financial services, increasing support to carbon peaking & neutrality, etc.

Measures and mechanisms

Clearly defining organizational responsibilities:

The Supporting the Construction of Zhejiang Demonstration Zone for Common Prosperity Leading Group is responsible for overall planning; the Head Office in Zhejiang leads the implementation; and related departments, branches in Zhejiang, and Zhejiang Zheyin Financial Leasing Co., Ltd. are responsible for the implementation.

Ensuring strict performance assessment:

Establishing a performance assessment mechanism to reward organizations and individuals with excellent performance and warn and punish those with poor performance.

Advancing the financial advisory program:

Setting up the Financial Advisory Leading Group and selecting capable employees to form financial advisory teams.

Improving communication and promotion:

Timely summarizing innovative practices and distinctive highlights and communicating such with external stakeholders.

(II) Promoting Zhejiang's digital reform

CZBank participated in Zhejiang's digital reform in line with the plan of the Zhejiang Provincial Party Committee. We set up the Digital Reform Promotion Office, and took productive measures around the "185N" digital reform structure.

Initial landmark achievements	Outcomes
Comprehensive Supply Chain Finance Service App: The app customizes customized credit solutions for underfinanced scenarios along supply chains, creating a new supply chain finance model that benefits the entire supply chain by specific credit granting.	By the end of 2022, the app had customized credit solutions for about 30 industries such as electrical and iron & steel, providing over RMB 220 billion of loans to 1,226 core enterprises, and thereby benefiting 18,247 enterprises along supply chains. The app was rated as the "Best App" in Zhejiang's digital reform.
Jinfubao MSME Loan (Inclusive Digital Loan): Integrating technologies, industries, and the business ecosystem, it is a digital comprehensive service platform designed for governments, micro, small and medium-sized enterprises (MSMEs), enterprise service providers, financial institutions, etc.	By the end of 2022, the platform had hosted 36 service providers and launched 47 digital service products, with nearly 30,000 corporate users. It shortens the financing period to 1-2 days.
Big Data Risk Control Platform: Integrating risk control data, models, and system functions, and covering the entire process of credit granting, the platform provides one-stop open credit risk management solutions.	By the end of 2022, the platform had automatically identified 27,157 customer credit risks, which accounted for 95.07% of all risks identified. It greatly reduces manpower and is able to identify 95% credit risks in advance, improving rigid credit risk management.
Digital Intelligent Review Management Platform: It offers the functions of visual process optimization and review management, improving the quality and efficiency of review management in an all-round way.	By the end of 2022, the platform had shortened the average review time per loan by 2 hours and 13 minutes, a 20% increase in efficiency; shortened the average credit granting time per loan by 1 hour and 24 minutes, a 35% increase in efficiency; and increased the efficiency of comprehensive review services by 30%.
New-Generation Intelligent Comprehensive Bill Data Service App: According to the life cycle bill management strategy, the app provides customers with one-stop intelligent comprehensive bill settlement and financing services, and provides employees with quick trading, risk control, and decision-making services among others.	By the end of 2022, the app had recorded RMB 256.8 billion of bill discounting, and more than RMB 100 billion of band notes and commercial notes respectively.

Case: Jinfubao MSME Loan helps enterprises achieve digital transformation

Since its launch in April, Jinfubao MSME Loan has provided financial, taxation, manpower, legal, and financing services for 30,000 MSMEs in Linping District, Hangzhou, addressing their financing demand while promoting their digital transformation. It has shortened the financing period to 1-2 working days, increased the credit granting rate from 15% to 40%, and decreased the average loan interest rate by 0.22 percentage point.

Manager Liu runs a small furniture company in Xingqiao, Hangzhou, and he needs to recruit 20 employees. In the past, Liu had to spend RMB 10,000 a year on online recruitment. "Through Jinfubao's recruitment service function, I can directly contact human resource service companies, saving nearly 30% of recruitment costs."

Mr. Xiao runs a transportation company in Linping. He is nearly 70 years old and is not familiar with the network. His company was at the edge of bankruptcy before, but he still needs to spend several thousands of yuan on taxation software every year. "I'm old, and I knew nothing about the Internet at first. Workers of CZBank patiently told me how to register with the app, and taught my financial personnel how to use it. They are really helping me save money."

Case: Empowering industrial brains to promote high-quality development of industry chains

"Industrial Brain + Future Factory" is a new industry chain development mode developed by Zhejiang to promote the intelligence and digitalization of industry chains. CZBank quickly developed an industrial brain supply chain finance solution and built a strategic partnership with iMotorLinx, a motor brain ranking 1st on the list of industrial brains in Zhejiang. Relying on blockchain, big data and other technologies, we provide iMotorLinx with financial supports based on its trading data. For example, we have provided digital credit certificate financing service for Wolong, an electric drive supplier of iMotorLinx. As the first bank participating in the industrial brain program, we granted more than RMB 10 million of loans to MSMEs on the supply chains of industrial brains within just one month, greatly energizing supply chains.

(III) Implementing the financial advisory system

We have been actively implementing the social-interest-oriented financial advisory system, for the purpose of transforming from license-centered professional services to customer-centered comprehensive services, serving enterprises that really need financial support. This system has been promoted in eight provinces and cities including Beijing, Shanghai, Shandong, and Tianjin.

Improving implementation mechanisms

- Promoting standardized implementation: As required by the Financial Services Committee of the Zhejiang Chamber of Commerce, we summarized and promoted our experiences and outcomes in terms of pilot operation, regulations & methods, and talent training regarding the implementation of the financial advisory system.
- Establishing rules and regulations: We formulated more than 10 sets of rules and regulations, including administrative measures and guidelines regarding financial advisory, and established over 40 working stations (groups).
- Building teams: We promoted financial advisory in 11 prefecture-level cities in Zhejiang. Advisory teams composed of nearly 1,800 financial advisors (including 186 from CZBank) have been built to provide advisory services at provincial, city and county levels.
- Improving the competence of financial advisors: We formulated the Code of Conduct for Financial Advisors, and the Service Agreement for Financial Advisors to regulate the behavior of financial advisors. Besides, we strictly followed qualification review, recruitment, and assessment processes, conducted task-oriented training, and offered online training courses.

Bailing out underfinanced enterprises

- Together with several other financial institutions, we issued the Proposal for Concerted Financial Efforts to Build a Demonstration Zone for Common Prosperity, and the Proposal for Financial Supports to Promote the Steady and High-Quality Development of Underfinanced Enterprises. In addition, we compiled monetary and financial policies into "tool books" for enterprises, held the Steady Economic Development Promotion Meeting, and launched 35 policies and measures to promote steady economic development in 7 aspects. By the end of 2022, CZBank had issued 103 preferential policies for enterprises together with 24 other financial institutions, visited more than 10,000 enterprises, conducted more than 180 lectures and training sessions, provided services to 51,707 enterprises, and completed RMB 414.706 billion of financing for enterprises.

Exploring promotion paths

- Connecting with other data platforms: Through the Phoenix Nest Enterprise Service System of the Administration for Local Financial Supervision of Zhejiang Province, more than 40 financial advisors provided online advisory services to enterprises.
- Exploring a market-oriented operation model: We helped financial experts establish the first two financial advisory firms in Hangzhou.
- Improving online popularity and influence: We opened a Corporate WeChat Account to promote financial advisory, including advertising Gold Advisors and Star Advisors, and building an online community of financial advisors.

Creating a regional comprehensive service demonstration zone

- We set up a financial advisory leading group composed of digitalization, wealth management, and investment banking working groups, and arranged full-time advisors for Linping District.
- We defined 12 priorities around intelligent finance, financing, and financing service, and prepared implementation plans, as well as supporting policies and resources for each priority.
- We arranged financial advisors for each of the 8 towns in Linping District.
- Based on the Jinfubao MSME Loan platform, we customized innovative products such as Linping Inclusive Digital Loan and Linping Self-employed Worker Digital Loan according to the operations, financial statements, and behavior of enterprises. Through these products, mortgage-free operating loans are granted to enterprises both online and offline, creating a digital MSME finance ecosystem that integrates governments, banks and enterprises.

Case: Financial Advisory service benefits farmers

"Personal pensions are personal. This is the sound of wealth in Jiaying. This is FM104.1 Dianshi Finance and Economics. I am He Yaojie, a financial manager of CZBank Jiaying Haiyan Sub-branch..." Every Wednesday afternoon, listeners will hear the familiar voice from Jiaying Branch financial advisory team. Through well-prepared online activities and offline communication, the advisory team brings financial services to rural areas. So far, the team has conducted nearly 100 financial education activities, benefiting over 10,000 people.



A financial advisor is broadcasting

Case: CZBank cooperates with local government to launch "Fenghua Mode"

The financial advisory team of Ningbo Branch cooperated with Fenghua District Government to launch the "Fenghua Financing Mode", under which interest-deducted loans secured by a guarantee company are provided by Ningbo Branch, with interest subsidy from the local government. Receiving recognition from both the government and enterprises, the mode has been duplicated in seven counties and districts such as Ninghai County and Xiangshan County.

To address the financing demand of enterprises with insufficient governmental subsidies, the financial advisory team proposed the measures of replacing direct subsidy with interest subsidy, reducing interest rates, granting loans to needy enterprises, and increasing the leverage of bailout. Together with several other banks, it provided RMB 16 billion of loans to MSEs based on governmental subsidy, with a leverage rate of nearly 50, effectively solving the capital shortage of MSEs.



The financial advisory team are researching companies

(IV) Supporting rural revitalization

We further increased financial resources to rural areas and poor areas, supporting projects with local characteristics. Our supports to the 26 counties in mountainous areas have greatly promoted local leapfrog high-quality development.

Improving financial supply and policy support

- Expanding service coverage: We have newly established Jinyun and Wuyi sub-branches, and advanced the establishment of sub-branches in the 26 counties in mountainous areas as planned.
- Increasing resource supply: We increased financial resources to the 26 counties in mountainous areas, at a rate higher than the average of loans to Zhejiang in 2022.

Customizing products to address local difficulties

- **Innovating the product system:** We provided Common Wealth Loans to farmers, new rural businesses, individual businesses, and micro enterprises in the Zhejiang Demonstration Zone for Common Prosperity, and as of the end of 2022, RMB 5.333 billion of loans had been granted to 3,076 MSEs. We also launched 26 Digital Common Wealth products such as Longyou Pig Breeding Loan, Sanmen Blue Crab Breeding Loan. By the end of 2022, over RMB 2 billion of loans had been granted, and the balance of MSE loans in the 26 counties was RMB 8.415 billion.
- **Developing supply chain finance:** We designed the online "bank + leading enterprise + farmer" supply chain financial service model, in which loans are provided to small farmers and new agricultural businesses through leading agricultural companies, rural cooperatives, and agricultural bases, to expand businesses and purchase agricultural implements. The model helps enterprises and agricultural businesses in the 26 counties in mountainous areas to have access to financial services, promoting local economic and supply chain development.
- **Providing wealth management services:** We customized 37 wealth management products themed by Common Prosperity worth RMB 1.669 billion to customers in the 26 counties in mountainous areas, benefiting more than 2,000 customers. The returns are higher than those of other similar products, effectively increasing the income of the locals.

Exploring multiple channels to promote regional development

- **Promoting financial advisory service:** Provincial financial advisors visited the finance offices of Lishui, Quzhou and so on to discuss the establishment of financial advisory stations, for the purpose of implementing financial advisory system in the 26 counties in mountainous areas.
- **Exploring new donation modes:** Together with Yongan Futures and Caitong Securities, we launched the "Insurance + Futures + Financing" Pilot Program, under which, each of the institutions donated RMB 4 million of premiums to support pig breeding in mountainous counties.
- **Developing representative agricultural assistance programs:** We advanced the East-West Collaboration Program, and "Thousands of Enterprises Joining Hands with Thousands of Villages for Poverty Eradication" Campaign to support the development of competitive local industries, and empower collective economies such as Longyou County in Quzhou and Xuanhan County in Sichuan. In addition, we cooperated with Zhejiang TV Station and local governments of the 26 counties in mountainous areas to conduct online promotion activities, such as "Supporting Common Prosperity" live stream, helping the locals sell agricultural products out. By the end of 2022, we had helped the locals sell RMB 4.77 million of agricultural products, and donated RMB 230,000 of subsidiaries to students.
- **Helping patients with wounds:** CZBank donated RMB 2 million to the Skin Health Program launched by Wenzhou Medical University, helping patients with wounds in the 26 counties in mountainous areas and support the military personnel and give preferential treatment to their families.

Case: CZBank finances vegetable greenhouses to increase local income

Located in Hujia Town, Xuanhan County, Sichuan Province, Luogu Village has a complex geographical environment and poor terrain conditions. A large number of young people have left the village for jobs in cities, which hinders the industrial development of the village. Previously, the village had no leading industry, with a collective operating income of only RMB 10,000. After CZBank was paired with Luogu Village, the East-West Collaboration Program Working Group soon investigated Luogu Village, and organized the locals to visit the vegetable bases and cattle farms established with the help of CZBank in nearby Yilong County, Sichuan Province, to learn practices in greenhouses and other projects. After the investigation, the village decided to copy Xinghuo Village's vegetable base, building greenhouses collectively. The project has good economic and social benefits: aside from making a benefit from growing vegetables for themselves or others, villagers can also invest with shares, land or technology, having land transfer rents and dividends.

At present, Luogu Village has completed the construction of the first and second phases of vegetable greenhouses across 31 mu (approx. 2.077 ha.), which can create RMB 30,000 of collective income and RMB 31,000 of land transfer income, benefiting 326 villagers.



Vegetable greenhouses in Luogu Village

Case: CZBank helps farmers go through the "pig cycle"

The pig breeding industry is one of Quzhou's key agricultural industries. In recent years, as the "pig cycle" became longer, price fluctuations have become a challenge for local farmers. "I've been raising pigs for many years, and the price has never fluctuated so much like in recent years. At the beginning of last year, we almost lost confidence in raising pigs. Even when the price rose, we were worried that it would drop soon." Huang Yunlong talked about the worries of most pig farmers.

In response to this, Quzhou Branch made several visits to local pig farmers, and finally identified their challenges and financial needs. With the strong support of Quzhou Municipal Government and Dalian Commodity Exchange, CZBank, together with Caitong Securities, Yongan Futures and other institutions, launched the largest pig "Insurance + Futures + Financing" Pilot Program in Quzhou, Zhejiang, providing RMB 500 million of insurance for more than 200,000 pigs in 5 mountainous counties including Qujiang District, Longyou County, Changshan County, and Kaihua County. By the end of 2022, 123 farmers had participated in the program, most of whom are small and medium-sized pig farmers with less than 500 pigs. The program has helped farmers expand breeding scale by 33% in average, and increased income from the spot market by over RMB 350 million. Through mitigating risks and increasing income, the program enables farmers to go through the "pig cycle".

"We know nothing about finance, and we don't know how to withstand the fluctuations in pig prices. This pilot program has helped us a lot. For the first time, we know that there is such a simple and easy-to-understand model. We will not be afraid of any big drop in the future. We are confident that as long as we work hard, we will be paid."

——Farmer Huang Yunlong



Taizhou Branch launched the Xianju Waxberry Common Prosperity Loan, offering large mortgage-free low-interest loans with flexible repayment periods to help farmers grow waxberry trees and build greenhouses.



Quzhou Branch launched the Qujiang Planting and Breeding Common Prosperity Loan, providing financing support to farmers in Quzhou.



Jinhua Branch tailor-made the Wuyi Tea Farm Common Prosperity Loan for tea farmers with a total credit of RMB 100 million. The entire process is completed online, allowing tea farmers to concentrate on tea planting and equipment procurement.



Taizhou Branch provided Sanmen Blue Crab Common Prosperity Loan to farmers, individual businesses, and MSEs engaged in blue crab breeding and sales in Sanmen County, for the purchase of blue crabs, juvenile crabs, and fertilizer, and the conduction of producing and operating activities such as renting ponds.

Chapter 1

Serving Economy for the Benefit of People

The relationship between economy and finance is like that between flesh and blood— they cannot be separated. Serving the real economy is the mission and basic function of finance. CZBank actively responded to decisions and deployments of the CPC Central Committee, the Zhejiang Provincial Party Committee and the People's Government of Zhejiang Province regarding serving the real economy for the benefit of people. We further optimized the allocation of financial resources, to promote economic and social development with better financial services more efficiently.

Contributing to the UN SDGs:



(I) Serving the real economy

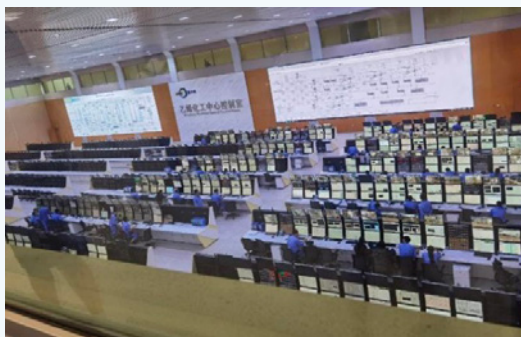
Specifically, we improved support for key strategies, projects, areas and industries, innovated technological innovation financial products, built our talent bank, optimized supply chain finance services, and strove to improve the quality and efficiency of financial services, for the purpose of helping stabilize economic fundamentals. By the end of 2022, the total loan and advance balance of our Bank reached RMB 1,525.03 billion, representing an increase of 13.20% (or RMB 177.791 billion) from the beginning of this year.

Measures	Results
Supporting key industries <ul style="list-style-type: none"> • Key projects in Zhejiang: We customized financial services for key projects in Zhejiang, and cooperated with provincial state-owned enterprises in key areas such as transportation, low-carbon development, and clean energy. • Transportation and logistics enterprises: In the supply chain financial service model, we determined the credit limits of downstream dealers and provided them with financing guaranteed by core enterprises online. • Energy companies: We held the Energy Finance Promotion Meeting and the Pumped Storage Project Marketing Meeting; and launched innovative products such as Carbon Easy Loan to promote green development. • Traditional manufacturing enterprises: We increased medium and long-term financial support for traditional industries to support their equipment renewal, technological transformation, and green development. 	<p>As of the end of 2022, the balance of financing to 17 enterprises involved in heavy trucks, transportation, and logistics was RMB 8.6 billion, benefiting 562 companies along supply chains; 209 Carbon Easy Loans worth more than RMB 2.244 billion had been granted, and the balance of manufacturing loans was RMB 238.3 billion, an increase of RMB 42.2 billion from the beginning of the year.</p>
Developing technological innovation finance <ul style="list-style-type: none"> • Increasing product diversity: We launched a range of new products such as the Technological Innovation Co-Assured Loan, Technological Innovation Bank Investment Loan, and Specialized and Sophisticated Enterprise Loan, providing systematic full-cycle services for enterprises. • Build a talent pool: We set up the Talent Pool Financial Advisory Group to promote the high-quality development of competitive enterprises owning excellent talents. 	<p>By the end of 2022, we had financed 5,204 technological innovation enterprises, an increase of 1,117 from the beginning of the year, with the balance of financing reaching RMB 141.8 billion, an increase of RMB 12.6 billion from the beginning of the year. In addition, we had financed more than 900 top-talent enterprises in Zhejiang, with the balance of financing totaling almost RMB 20 billion.</p>
Optimizing supply chain finance <ul style="list-style-type: none"> • Addressing financing difficulties: Relying on cutting-edge technologies such as blockchain and big data, we launched the "technology + finance + industry + customers" supply chain financial service, a new mode that does not rely on borrowers and collaterals as traditional ones. We also customized products and policies for MSEs and agricultural supplies manufactures. • Shifting services online: We integrated the basic, capital and credit information of core enterprises on industrial chains with that of their upstream and downstream MSEs through digital platforms, so as to provide financial services to them online. 	<p>As of the end of 2022, our industry chain and supply chain finance service had covered 30 industries nationwide such as energy efficiency and new energy, intelligent manufacturing, and modern agriculture and animal husbandry, providing over RMB 220 billion of loans, of which 81% went to MSEs.</p>

Case: CZBank supports key projects in the Zhoushan Green Petrochemical Base

The 40 million t/y refinery-chemicals integration project of Zhejiang Petroleum & Chemical Co., Ltd. (ZPC) located at the Zhoushan Green Petrochemical Base, Zhejiang Province, is one of the key projects in the China (Zhejiang) Pilot Free-Trade Zone, playing a meaningful role in implementing national strategies such as the Yangtze River Economic Belt, and promoting China's participation in global petrochemical market. To improve the quality and efficiency of oil refining and reduce the emission per product, ZPC planned to add a 1.4 million t/y ethylene and downstream chemicals production unit to the second phase of the project. The unit will provide sufficient materials and expansion potential for the production of downstream high-value new materials and fine chemicals, further promoting low-carbon development. However, the cost of the unit is high, most of which must rely on a bank loan.

Knowing this, Hangzhou Branch and Zhoushan Branch investigated the project and granted a RMB 1.2 billion loan within five days for the purchase of equipment for the production of ethylene and its downstream chemicals, helping ZPC expand the production of high-end chemical materials and products, and upgrade business structure.



ZPC Ethylene Chemical Center Control Room

Case: CZBank empowers the R&D and innovation of specialized and sophisticated "Little Giant" enterprises

Hangzhou Huning Elevator Parts Co., Ltd. located at Zhongtai Industrial Park, Yuhang District is known for its elevator buffers, which are independently developed by the company as part of its innovation efforts. Enjoying high market popularity for years, the company is busy addressing new orders. To improve product performance and production efficiency, it's also highly engaged in R&D to constantly upgrade technologies and optimize products.

With constant innovation in elevator parts, in August 2021, the company was included in the third List of Specialized and Sophisticated "Little Giant" Enterprises issued by the Department of Small and Medium Enterprises, Ministry of Industry and Information Technology. In 2022, the company increased its R&D expenditure by over 10% to optimize energy efficiency solutions in the manufacturing process, that is, new materials, technologies and structures will be incorporated into new products. Hangzhou Branch responded quickly to the financial demand of the company. It investigated the production lines of the company, and offered an additional credit to promote innovation.

"With the money, we will be more confident in the construction of digital intelligent factories."

—Head of Hangzhou Huning Elevator Parts Co., Ltd.



An account manager of Hangzhou Branch is investigating the production lines of Hangzhou Huning Elevator Parts Co., Ltd.

Case: Supply chain finance empowers the development of private enterprises

Nice Group in Lishui City is a leader of China's detergent and daily chemical industry, with more than 50 sales branches and near 2,000 distributors nationwide. It is the only Top 500 Chinese Private Enterprise from Lishui. Its distributors are mostly private MSEs that have difficulties in financing due to their small sizes. To address this problem, CZBank created a digital risk control model based on transaction data, and provided loans to distributors according to their orders received. This measure successfully addressed the procurement need of distributors, and at the same time, increased the stability of Nice Group in distribution and sales.



Guangzhou Branch investigated key industries requiring financing support



Hefei Branch investigated Wuhu CIMC Ruijiang Automobile Co., Ltd.

(II) Helping promote people's livelihood

Through innovative financial products and services, CZBank continued to increase financial supports to senior care, culture & tourism, education, healthcare and other underfinanced areas.

Senior care

- CZBank has been included in the first List of Financial Institutions Qualified for Providing Personal Pension Service by the CBIRC. Customers may access pension service through counters, mobile banking app, WeChat applet, and mobile business platforms. Technologies such as facial recognition and online verification are used to ensure that an account is opened in strict accordance with account management requirements. As of the end of 2022, 139,181 personal pension accounts had been opened, bringing in a deposit of RMB 71.2752 million.
- CZBank is one of the first institutions issuing pension deposit products. It has also cooperated with industry leaders to provide investors with a wide variety of pension products with stable returns.

Culture & tourism

- CZBank allocated resources to support key projects, promoting the recovery of the culture and tourism industry. By the end of 2022, the balance of loans to the culture and tourism industry was RMB 16.94 billion.
- We reduced fees and interest costs for culture and tourism MSEs and individual businesses that had difficulties in their operations.
- We deferred repayment by extending the loan period, changing the interest payment cycle, and inserting a grace period, easing the repayment pressure of culture and tourism MSEs in trouble. In line with the "deferred repayment of principal and interest" policy, we launched a number of innovative products like Pay-As-You-Go and Rollover Credit.
- We improved credit investigation services, to protect the rights and interests of culture and tourism companies and their employees who were unable to repay or lost their jobs due to operating difficulties.

Education

- We promoted the Smart Campus Platform, providing comprehensive information services covering campus management, payment and bill management, data analysis and other functions for schools, educational institutions, teachers, students and parents. Customers may embed the platform's integrated H5 interface into apps, applets, and WeChat official accounts. The platform also provides tailored functions. As of the end of 2022, 51 schools had used the platform, through which RMB 368.6567 million of fees had been paid.

Case: CZBank helps Innoforce build biopharmaceuticals industrialization base

Zhejiang Innoforce Pharmaceuticals Co., Ltd. ("Innoforce") is a bio-innovation-driven enterprise specializing in the R&D and manufacturing of biopharmaceuticals. It is a key government-supported enterprise, with actual controller and legal representative being included in the Thousand Talents Program. At the end of 2019, Innoforce launched the RMB 2.3 billion Industry Chain Biopharmaceutical Base Project. The project was rated as a RMB 100-Billion Technical Transformation Project in Zhejiang Province in 2021, and a Major Manufacturing Project in Zhejiang Province in 2022. Phase I of the project includes a world-leading CDMO plasmid production platform. Phase II includes a world-leading macromolecular biopharmaceuticals industrialization base. Hangzhou Branch provided a RMB 180 million 8-year medium to long-term loan to Innoforce, supporting the construction of the base.

(III) Developing cross-border finance

CZBank further improved its cross-border financial service system. Relying on big data and Internet technology, we provide customers with a range of comprehensive RMB and FX financial services such as international settlement, trade financing, and FX transactions.

Measures	Results
Flexible financing support <ul style="list-style-type: none"> • We promoted liquidity services for export-dominated foreign trade companies, helping them revitalize current assets such as accounts receivable and export drawback receivable. In addition, we launched Export Receivables Pledged Loan and Import Receivables Pledged Loan, and provided integrated RMB and FX financial services. • Relying on big data and Internet technology, we cooperated with external administrations such as commerce and taxation administrations to offer new products like Export Data Loan, and Export Bank Tax Loan, enabling private manufacturing enterprises to have a better access to credit. • Through the FTA Sub-Accounting Unit and Hong Kong Branch, we provided one-stop comprehensive cross-border investment & financing, M&A, listing services, etc. to domestic and foreign enterprises. 	<p>By the end of 2022, we had granted RMB 24 billion of receivables pledged loans to 1,193 foreign trade companies, and provided RMB 59.7 billion of cross-border financing to enterprises with overseas business through cross-border secured financing, overseas debt investment, and international syndicated loans.</p>
Strengthening exchange rate risk control <ul style="list-style-type: none"> • We offered "One Day One Policy" and some other hedge solutions according to market conditions; upgraded CZBank Transaction to create a life-cycle FX management system, and launched American options, Asian options, cooperative FX swaps, currency swaps and other innovative products. • We innovatively incorporated big data into transaction risk management methods, and designed CZBank Big Data Based Credit, reducing margin on FX derivatives by enterprises. • To support government loan guaranteed FX hedges for MSMEs, CZBank exempted transaction deposits, and only charged the cost for processing FX transactions. 	<p>By the end of 2022, we had provided USD 125.9 billion of FX hedges for 11,095 foreign trade companies, and USD 300 million of government loan guaranteed FX hedges for enterprises in Zhejiang Province, surrendering RMB 3.34 million of profits for MSMEs.</p>

Convenient settlement service

- We have developed a comprehensive online service system covering all products, processes and channels, and have been constantly updating online service scenarios. At present, nearly 90% of corporate FX settlements and cross-border remittances and nearly 100% of personal FX settlements and cross-border remittances can be processed online.
- We launched a series of policies to streamline trading and investment processes, so as to effectively reduce the operating, sole and financial costs of services provided to key accounts.
- As a capital account digital service pilot, we accelerated the service coverage of registered institutions, integrated onshore and offshore sources, and improved the sharing of investment and financing information, for the purpose of providing better life-cycle RMB and FX services for cross-border capital account transactions.

By the end of 2022, we had settled USD 301.4 billion of current and capital accounts for foreign-funded and foreign trade companies, processed 7,768 transactions worth USD 2.63 billion under the FX Facilitation Pilot Program, and processed 844 transactions worth USD 133 million under the Capital Account Digital Service Pilot Program for 22 enterprises.

Case: CZBank provides diversified cross-border financial service solutions for foreign trade enterprises

Big Data Based Credit: Shaoxing HL Textile Co., Ltd. is a MSE mainly engaged in the export of textile fabrics. Under the credit mode, the company received a RMB 3 million Export Bank Tax Loan. The application process is very simple. An applicant just needs to scan the application QR code, input corporate information, and complete data use authorization on the tax platform. If the applicant is considered to be qualified based on an on-site due diligence by an account manager, the credit will be granted quickly.

FX Hedging Pay-in-Full Discount: Zhejiang HS Trading Co., Ltd. has been focusing on export to European and American countries for years, with an annual export volume of more than USD 10 million. Affected by the global economic downturn, unexpected dollar rate hikes, and other factors, dollar/yuan exchange rate has been fluctuating much fiercer than before. In such a context, previous spot trading strategies such as "going-rate pricing" and "unilateral expectation" have greatly increased pressure on financial management and external orders. CZBank engaged with the company to communicate knowledge about risk neutrality, the FX market, and hedging products, and helped it establish FX risk management regulations and methods. FX Hedging Pay-in-Full Discount can help the company increase its FX gain by nearly RMB 130,000 a year.

Cross-Border Offshore Loan for Specialized and Sophisticated Enterprises: In June, the State Administration of Foreign Exchange issued a notice to support high-tech enterprises and specialized and sophisticated enterprises to join the Cross-Border Financing Facilitation Pilot Program. CZBank responded quickly, helping high-tech company XLM obtain a EUR 4.3 million Onshore Guaranteed Offshore Loan. The product provides one more channel of financing for enterprises at a lower cost.

(IV) Practicing inclusive finance

We further improved our inclusive finance service system and promoted product and service innovation. Over the past ten years, we have granted more than RMB 1.2 trillion of loans to more than 530,000 MSEs, of which some have grown into large and medium-sized enterprises. These efforts have brought us many awards, such as Excellent Institution for Providing Financial Services to Small Business, and Best Inclusive Finance Achievement Award issued by the CBIRC and the China Banking Association respectively. As of the end of 2022, the balance of inclusive MSE loans was RMB 277.286 billion, an increase of RMB 40.733 billion from the beginning of the year, accounting for 19.88% of domestic loans (excluding bill discount), among the highest portions across the industry.

Digital empowerment to increase the efficiency of MSE financial services

- We further improved business automation. For example, we initiatively launched a MSE remote video service system integrating online investigation, mobile processing, multi-member participation, and remote identity verification, shifting services online. Over the last year, we fulfilled more than 4,600 remote tasks online.
- We optimized the MSE Finance 2.5 Process to promote online mortgage loan application and online quick withdrawal. We also sped up the course of shifting standard services online. As a result, 80.99% applications were made through E-Application, which shortened the approval time by 14%.
- In addition, we developed the one-stop Jinfubao ESOP System which provides equity incentives to listed companies and IPO applicants, and the Jinfubao MSME Loan System which focuses on the production, operation, management, finance and other demand scenarios of MSMEs, an effort to create a comprehensive service system integrating technologies, industries and the business ecosystem.

Lowering guarantee requirements to benefit MSEs

- We continued to increase non-mortgage loans for MSEs with stable operations and promising prospects but are unable to provide enough guarantees, helping them get rid of the shackles imposed by financing guarantees.
- We intensified cooperation with state-owned financing guarantee institutions, especially state-owned financing guarantee funds, to provide credit enhancement for MSEs. The balance of our State Guaranteed Loan has exceeded RMB 10 billion within one year since its launch.

Bailing out MSEs in difficulty to improve service satisfaction

- We addressed the financing shortage of MSEs through changing loan application requirements, offering rollovers, and providing emergent interest arrears handling service. As of the end of 2022, we had provided RMB 7.154 billion of loans to 1,971 MSEs, and deferred the repayment of RMB 9 billion of loans by 2,757 MSEs.
- We designed an interest rate reduction system and quickly launched it to relieve interest on loans to MSEs and individual businesses in industries like wholesale & retail, culture & tourism, accommodation & catering, and transportation. The service has covered 102,400 enterprises, saving RMB 348 million for them.
- We allowed branches to lower interest rates. The interest rate of inclusive MSE loans granted last year has decreased by 60 basis point compared to the prior year.

Case: CZBank offers Talent Support Loan for technology-based MSEs

Zhejiang Hongquan Environmental Technology Co., Ltd. established in 2019 is a technology-based MSE mainly engaged in the R&D and production of materials for the trenchless repair of municipal pipe networks. The smart pipe repair material developed by actual controller Professor Du and his team based on supramolecular chemistry enables trenchless repair of municipal pipe networks. Being eco-friendly, the material shortens construction periods while creating considerable social benefits. It has been recognized by the United Nations Environment Program as an eco-friendly technology for underground facilities.

Before bringing the material to the market, the company needed to purchase a large amount of materials and expensive production equipment. For this purpose, the company contacted many financial institutions, but was required to provide numerous documents, go through complicated procedures, and wait for a long time for approval, due to its identity as an asset-light startup. Wenzhou Branch heard of it during a visit to the local MSE park, and then engaged with the company actively. Later, the branch customized a "Talent Support Loan" service plan, and completed all procedures including talent confirmation, investigation, and credit approval quickly. With a RMB 5 million loan from CZBank, the company launched its new material project as scheduled.

"The account manager from CZBank is very proactive and thoughtful, trying hard to address our financing need."

—Head of Zhejiang Hongquan Environmental Technology Co., Ltd.



A worker from Chongqing Branch is promoting preferential policy

Chapter 2

Developing Green Finance

Climate change has become one of the major crises threatening mankind. To contribute to the goals of peaking carbon emissions by 2030 and achieving carbon neutrality by 2060 (3060 goals), we explored risks and opportunities related to climate change, developed a clear green finance development strategy and a general "dual carbon" plan. Also, we set up a specialized working group and improved the climate change risk management system by strengthening financial services including green credit, green bonds and green investment, so as to support the green and sustainable development of economy, society and environment in a diversified manner.

Contributing to the UN SDGs:



(I) Actively addressing climate change

CZBank further improved its green finance system, particularly the part involving climate-related risks. Besides, we set green finance goals, and disclosed climate-related decisions and risks in line with the framework of the Task Force on Climate-Related Financial Disclosures (TCFD), actively addressing climate challenges.

(i) Improving the governance structure

At the board level, the board is responsible for determining green finance strategies, approving green finance goals and relevant reports developed by the senior management, and supervising and evaluating the implementation of green finance strategies; the Risk and Related Party Transaction Control Committee under the board is responsible for supervising the implementation and compliance of green financial strategies; the Audit Committee under the board randomly selects representative projects to be audited by a third-party audit company or the internal audit department in terms of their environmental and social risk management performance.

At the implementation level, the Green Finance Leading Group and Supporting Carbon Peaking & Neutrality Leading Group, together with the Risk Management Department, Development Planning Department, Credit Review Department, Corporate Banking Department and Investment Banking Department work together to implement various key strategies; and branch-level and subsidiary-level working groups are responsible for specific tasks. Huzhou Branch and Quzhou Branch are the head-office-level green finance pilot organizations.

(ii) Policy and regulation supports

In recent years, in line with the carbon peaking & neutrality goals and internal green finance development strategy, CZBank has launched a series of green finance policies and regulations, such as the Implementation Outline of CZBank for Green Finance, the CZBank Three-Year Plan for Green Finance Improvement, and the CZBank Action Plan for Supporting Carbon Peaking & Neutrality (2021-2025). A relatively complete overarching policy framework has been established.

In addition, we conducted industry research and developed credit policies regarding key areas like carbon peaking & neutrality and green finance to control credit to emission control industries, and at the same time, developed stage-specific measures to support green transformation.

Supporting green industries

- We issued credit policies for wind power, solar power, hydropower, thermal power, nuclear power, new energy vehicles, etc., to divert credit to new energy, carbon peaking & neutrality, and other low-carbon areas.
- We adopted differentiated and dynamic credit or investment policies, giving priority to power industry chain finance, green finance, and carbon peaking & neutrality finance, while continuing to increase credit support for key accounts in the new energy industry, to build unique competitiveness in energy finance.

Monitoring emissions control industries

- We categorized coal, coking, cement, flat glass, steel, electrolytic aluminum and other emissions control industries into "prudent control industries" subject to credit control.
- For emissions control industries that have basically addressed overcapacity, we optimized the credit structure, giving priority to industry-leading enterprises and low-carbon projects with reasonable asset-liability ratios and good sales.
- Credit was not given to enterprises or projects that add production capacities in violation of relevant regulations.

(iii) Climate risk control

We set environmental and social risk management goals, and incorporated environmental and social risks into the credit process management framework, to improve risk management capabilities. In addition, we conducted environmental stress tests to gradually reduce the probability of environmental and social risk events, thus reducing losses arising therefrom.

● Environmental and social risk management throughout the credit process

Investigation and evaluation: We put more effort into the collection and analysis of environmental and social risks, especially information published by regulators and other authorities. In addition, we increased the weight of environmental and social risk due diligence in credit investigations, including having a comprehensive, in-depth, and detailed understanding of the environmental and social risks of customers and their projects from different channels. We also focused on the potential negative impacts of customers/projects on their surroundings and major risks related to such customers/projects, to avoid or mitigate negative environmental impacts.

Credit review: We incorporated the environmental and social risks of customers/projects into credit reviews, and applied a "one-vote veto" to those with poor environmental and social performance.

Post-loan management: We regularly assessed the impacts of customers' environmental and social risks on their operations, and adjusted post-loan management strategies as appropriate. For customers with major environmental and social risks, appropriate measures would be taken to pull back or withdraw as soon as possible.

● Environmental stress testing

Environmental stress testing methodology	Environmental stress testing process	Environmental stress testing results
A number of stress factors and stress-bearing indicators are selected to set stress scenarios. Environmental costs are integrated into corporate costs to build a press testing framework that measures the impacts of environmental risks on corporate financial costs, thereby studying the impacts of environmental risk changes on the quality of credit assets and capital adequacy ratio.	<ul style="list-style-type: none"> We conducted climate risk sensitivity stress tests for industries with high carbon emissions such as cement, thermal power, and steel. We set "carbon emissions cost" as a pressure factor, and default rate, capital adequacy ratio, etc. as pressure indicators. A financial transmission model was used to measure the impacts of carbon emissions costs on the main indicators in a company's balance sheet and profit and loss statement in stress scenarios. Internal data and rating models were used to convert the impacts of a borrower's environmental risks on its financial indicators to the impacts on its default probability, and finally to the impacts on CZBank's expected credit losses and capital adequacy ratio. 	The testing results showed that the capital adequacy ratios calculated in mild, moderate and severe stress scenarios all met the regulatory requirements.

(iv) Development goals

Green finance development goals	Performance
Indicator 1: The growth rate of green loans and clean energy loans across the bank are not lower than the average of all types of loans.	By the end of 2022, the balance of green loans was RMB 145.923 billion, an increase of RMB 41.679 billion or 39.98% from the beginning of the year, and the balance of clean energy loans was RMB 12.501 billion, an increase of RMB 4.596 billion or 58.14% from the beginning of the year. Both growth rates were higher than the bank average.
Indicator 2: Carbon emissions reduction loans in line with the Carbon Emission Reduction Facility (CERF) launched by the People's Bank of China (PBC) reach a certain amount, and the holdings of green bonds and underwriting business continue to expand.	By the end of 2022, the balance of CERF loans was RMB 252 million, which indicated a decrease of 39,206.25 tons in carbon emissions, and RMB 1.085 billion of green and blue bonds had been underwritten.

(II) Innovating green products and services

CZBank continued to explore products and services related to sustainable development such as green finance and carbon peaking & neutrality, made full use of the PBC's CERF, actively incorporated sustainability into various business units, and took multiple measures to promote sustainability products and services such as Carbon Easy Loan, PV Loan, and green bonds. On December 13, 2022, CZBank issued RMB 10 billion of CZBank 2022 Green Finance Bond, to fund projects included in the *Green Bond Endorsed Projects Catalogue (2021)*, further increasing support to green industries.

Financing business integration	<ul style="list-style-type: none"> • Collaboration with regulators: We collaborated with PBC Quzhou Branch and PBC Huzhou Branch in the Industrial Carbon Account System Pilot Project and Carbon Easy Loan, to enable enterprises to promote energy efficiency and carbon emissions reduction technologies and facilities. Differentiated pricing was adopted to encourage carbon emissions. • Internal collaboration: The Head Office collaborated with Zhejiang Zheyin Financial Leasing Co., Ltd. to promote new energy development in the "Banking + Leasing" mode. PV companies like Chint Group, Sungrow, and Risen Energy have benefited from the mode. • Collaboration with external platforms: We collaborated with China Emissions Trading Registry System and Hainan International Carbon Emissions Trading Center to provide depository settlement and carbon pledged financing solutions, empowering carbon emissions trading.
Investment banking business integration	<ul style="list-style-type: none"> • We gave financing priority to green and carbon peaking & neutrality projects, and provided extra basic rewards to innovative products (e.g., carbon neutrality and green development) approved by PBC or the National Association of Financial Market Institutional Investors. • We greatly increased on-balance sheet loans to green areas, and participated in China's first ESG-related syndicated loan with RMB 150 million. • Across the past year, we underwrote five green and blue bonds.
Asset management business integration	<ul style="list-style-type: none"> • We optimized asset allocation and provided financial support for green finance. As of the end of 2022, the wealth management department held 18 green bonds worth RMB 1.149 billion, of which the balance of green bonds for non-financial enterprises was RMB 886 million. Funds raised were invested in green areas like equipment manufacturing, industrial park upgrading, and urban ecosystem promotion.
MSE credit business integration	<ul style="list-style-type: none"> • We incorporated innovative technologies into green MSE financial services, advanced the MSE Finance 2.5 Process, and optimized the functions of "MSE Loan E-Application" app. • We shifted some mortgage services like Housing-Mortgaged MSE Loan online, to effectively address the differentiated financing needs and corporate financing difficulties of green MSEs.

Case: CZBank participated in China's first ESG-related syndicated loan to promote green development

Microvast Power Systems Co., Ltd. is a provider of new energy vehicle power system solutions, with many honors like Green Factory in China, and Excellent Clear Production Enterprise in Zhejiang. In 2022, Microvast Power received a RMB 800 million syndicated loan to construct its 4GWh Lithium-Ion Battery and System Project. It is China's first ESG-related syndicated loan led by a Chinese bank. The credit review fully considered the ESG performance of Microvast Power. Huzhou Branch participated in the syndicated loan with RMB 150 million, an effort to support the green development of local enterprises.



Factory of Microvast Power Systems Co., Ltd.

Case: CZBank participated in the issuance of the first sustainability USD bond in Foshan

In April 2022, CZBank helped Foshan GM Construction Investment Group Co., Ltd. issued the first sustainability USD bond in Foshan, which effectively reduced financing cost and expanded offshore financing channels. The USD 200 million bond has a coupon rate of 3.5%, and a term of 3 years. It is mainly used for the construction of the first phase of the Foshan Gaoming Modern Tram Demonstration Line, and the Environmental Technology Industrial Park, and to supplement the company's working capital. The bond has been identified as a green sustainability bond by CECEP Environmental Consulting Group.

(III) Jointly building a green community

While diverting more resources to sustainability-related areas, we strengthened our own carbon footprint management, such as promoting green operations and green offices; enhanced environmental protection education; and actively conducted environmental activities promoting afforestation, water purification, and resource recycling.

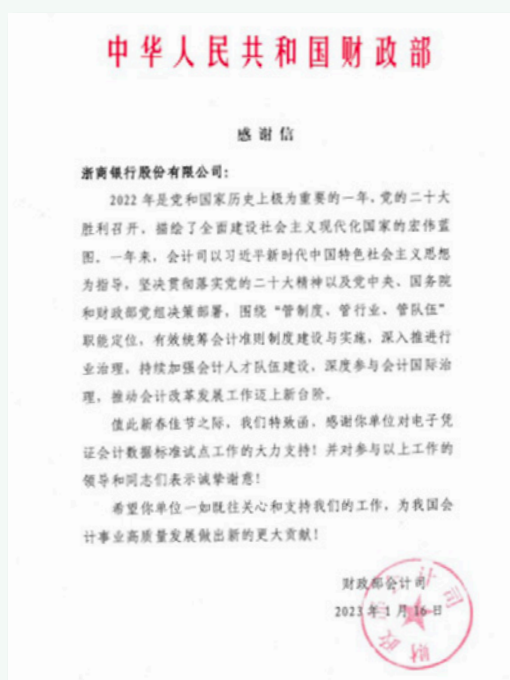
Green Office	<ul style="list-style-type: none"> • Strictly managing and reducing the use of service cars. • Eliminated catering waste and strengthened the management of kitchen waste in canteens. • Recycled and recorded waste electrical appliances, and recycled toner cartridges and ink cartridges. • Reduced the consumption of electricity (public lighting systems, air conditioning systems, etc.), water and other types of energy, and placed energy conservation signs in public areas. • Promoted the digital reform of office management.
Green operations	<ul style="list-style-type: none"> • Promoted the use of electronic seals and certificates, and successfully implemented the Electronic Certificate Accounting Data Standardization Pilot Project launched by the Ministry of Finance. • Promoted remote banking scenarios to provide various services to customers online, reducing energy consumption arising from travels.
Green buildings	<ul style="list-style-type: none"> • Design: We incorporated green finance into the design schemes of the CZBank Head Office Building and CZBank Xi'an R&D Center, which won the honors of LEED Gold Precertification, Green Construction Demonstration Project in Shaanxi, and Two-Star Green Building. The design improves the energy efficiency of the CZBank Head Office Building's external walls, with insulation performance 8.3% higher than the national standard. CZBank Xi'an R&D Center's annexes are equipped with rooftop solar panels as the heat source of the office building, and a rainwater recycling system to reuse rainwater for public area washing and irrigation. • Building materials: We set strict environmental standards for building material suppliers. For example, furniture suppliers must meet requirements on environmental grade, formaldehyde emissions, and volatile organic compound emissions, and air conditioner suppliers must provide energy conservation certifications and energy efficiency documents. • Construction: We enhanced site management in line with the "Seven 100%"⁴ requirements , adopted energy efficient facilities like solar lights, sound-activated lights, and heat pump water heaters, and effectively used resources to reduce material waste caused by rework. What's more, we strengthened hazardous waste classification, set up garbage sorting points at the construction site and living areas, and regularly promoted garbage sorting and inspection.

Note: 4. That is, 100% covering on sandy soil, 100% gardening on unused bare land, 100% installation of fences, 100% hardening of main roads, 100% watering during demolition, 100% installation of dense-mesh dust-proof nets on exterior walls, and 100% washing of all vehicles.

Case: CZBank becomes one of the first banks issuing electronic certificates according to the latest standards of the Ministry of Finance

The Electronic Certificate Accounting Data Standardization Pilot Project is a key reform project led by the Ministry of Finance with the support of eight ministries and commissions including the State Administration of Taxation and PBC. The project aims to promote the digitalization of certification and bookkeeping processes, and systematically address various common problems faced by enterprises and public institutions during such processes. During the one year since the launch of the project, CZBank established a working group responsible for customer engagement and system development. All tasks have been fulfilled as scheduled.

The launch of the pilot project means that CZBank has become one of the first commercial banks that issue electronic receipts and statements according to the latest standards. Measures like electronic receipts and statements, automatic file parsing, electronic account books, and electronic filing of certificates have greatly reduced the consumption of paper in operations. By the end of 2022, we had issued more than 320,000 electronic receipts and over 2,300 electronic statements, and handled more than 410,000 electronic certificates.



Letter of Appreciation from the Ministry of Finance



Volunteers from Dezhou Branch are planting trees at a suburban forest farm



Volunteers from Zhengzhou Branch are planting magnolia and osmanthus trees

Chapter 3

Improving Customer Experience

Our high-quality development and digital transformation are customer-oriented processes. We incorporated Internet technology into operations, integrated offline and online offerings, and conducted a range of consumer protection activities, to provide safer, professional, diversified and thoughtful financial services to customers, creating more value for them and improving their experience.

Contributing to the UN SDGs:



(I) Improving services

We integrated online and offline operations, optimized outlet management and services, streamlined online service processes, and expanded online services to people and areas having no access to physical outlets, improving the availability of financial services.

Convenient online services

- We comprehensively upgraded personal mobile banking and launched the key 5.1 version. Specifically, we upgraded functions around financial services, quality life, intelligent services, simple operation, and user security; reshaped the "Fortune Channel"; launched a number of new functions such as fund ranking, fund selection, wealth media, and wealth news; and added more than 20 life scenarios such as subway boarding pass and business travel. In addition, intelligent operation & maintenance support, customer management, and risk monitoring systems have been basically established.
- We further diversified corporate banking functions, and effectively improved online and mobile services. Our Corporate E-Banking added several important functions such as cross-bank payroll, utilities bill payment, and integrated tax payment, and covered more operating systems and browsers. Mobile Corporate Banking 3.0 was launched, providing a wide range of services such as large deposit, corporate management, and collection management. We also streamlined the process of Bank-Enterprise Direct Link, realized the batch application of the OpenApi interface, and moved the Bank-Enterprise Direct Link to the cloud.

Establishment of physical outlets

- Expanding the outlet network: By the end of 2022, a total of 310 outlets had been established, including 62 in rural and county areas.
- Create a service brand image: Across the bank, 283 outlets have passed the supervision and inspection of the National Standard Certification for Bank Outlet Services, and conducted the Leading Enterprise Standards. CZBank is also a Demonstration Institution with Innovative and Characteristic Outlet Banking Services; actively participated in the "Top 100 Demonstration Institutions with Civilized and Standardized Services" competition organized by the China Banking Association, and Zhengzhou Branch and Lanzhou Branch were shortlisted for the award.
- Simplifying over-the-counter transactions: A number of technologies as such as facial recognition and letter-digit code comparison have been applied to simplify the over-the-counter authorization process. By the end of 2022, we had optimized 155 transaction processes, lowering the counter authorization percentage to 23%, which effectively improved service efficiency.

Services for special groups

- Mobile banking: The age-friendly banking app integrates the functions of large print, one-touch service call dialing, FAQs, transfer risk reminder, and text-to-speech; Telephone banking: A one-click service hotline was specially arranged for seniors.
- Our outlets customized a range of services for seniors, including large print forms, ATMs with the "large print" function and an emergency button, broadcasting of transaction results, and allowing seniors to cut queues. We also created "Warm Heart Posthouse" and provided senior service areas, senior service teams, senior service processes, senior service cards, and senior service eco-system for the elderly.
- We promoted and expanded remote banking scenarios. Aside from existing functions such as e-banking upgrading, UKey PIN code resetting, reporting and reissuance of lost cards, and bank card password resetting, we added "public video verification" which enables cross-regional business authorization and processing in special scenarios, so that customers may enjoy services without visiting banks.

Number of CZBank outlets with wheelchair ramps	Number of CZBank outlets with wheelchairs
290	293
Number of CZBank outlets with priority seats	Number of CZBank outlets with priority teller windows
303	303
Number of CZBank outlets with blind cards	Number of CZBank outlets with call buttons or service telephones on door
229	271

Case: CZBank detected a fraud, recovering millions of losses for an elderly customer

In June 2022, 73-year-old Mr. Lou, accompanied by a young stranger, walked into the banking department of Yiwu Branch and requested a large remittance of RMB 3 million. Our staff asked the purpose of the remittance, and was told that it was for a gold investment with a return much higher than usual. Mr. Lou's answer aroused the vigilance of our staff, and through an investigation, they found that the receiving company had no gold business at all and had been involved in several false advertising and fraud reports. Our staff patiently explained their suspicion and analyzed the "case", but Mr. Lou didn't entirely give up the idea of remittance, and just said he could go home and reconsider it. Considering the many questionable points of the "remittance event", the Banking Department realized that it was very likely to be a fraud. To prevent the customer from suffering a large loss, the department temporarily locked Mr. Lou's bank account, and recorded the abnormality in the banking system. In July 2022, Mr. Lou went to Yiwu Beiyuan Sub-Branch, and requested a remittance of the same amount to the same receiver, but the purpose was changed to "borrowing". While reviewing the request, our staff again noticed some questionable points, and the banking system automatically warned of abnormality. Since Mr. Lou refused to change his mind, our staff called community police for help. Finally, Mr. Lou was persuaded by the police and our staff, realizing that he was cheated. His RMB 3 million of "pension money" was successfully saved.

Case: CZBank expands the application scenarios of digital yuan

- **Launching the Digital Yuan System:** The system offers functions such as currency exchange and payment based on PBC's Digital yuan App, and supports digital yuan payment through Zhejiang Pay app. The system has been piloted at Hangzhou Branch, Wenzhou Branch, Jinhua Branch, etc.
- **Building a digital yuan innovative application lab:** We explored the application of digital yuan in payroll, Corporate Wallet, and currency exchange, and initiatively designed the scenarios of Digital Yuan Pledged MSE Loan, and Digital Yuan Payment of Land Transfer Deposits.
- **Designing full-scenario payment service for the Winter Olympics:** We designed payment scenarios for food, accommodation, travel, tourism, shopping, entertainment and healthcare, enabling users from home and abroad to pay with digital yuan.
- **Expanding digital yuan payment scenarios:** We promoted the application of digital yuan in transportation, shopping, healthcare, education, and agricultural assistance relying on its advantages of real-time settlement and fee-free transaction, promoting the creation of a new payment ecosystem.
- **Creating an innovative corporate fund management mode:** By virtue of digital yuan's features of "parent wallet + sub-wallet", real-time settlement, and fee-free transaction, we provided enterprises and institutions with a range of asset management services, including separate account management, separate account accounting, automatic collection and distribution of funds, and capital appreciation.

As of the end of 2022, our digital yuan system had registered 77,090 personal wallets, and 46,613 digital yuan transactions worth RMB 43.4724 million.

(II) Improving customer complaint management

We improved our customer complaint management system and customer complaint services in strict accordance with the requirements of PBC and CBIRC, in an effort to protect the legal rights and interests of consumers.

Promoting intelligent complaint management	<ul style="list-style-type: none"> Our customer complaint management system enables online acceptance and reporting of complaints from all channels, and 22 functions such as "Ticketing Optimization" have been launched, improving operating efficiency by hundreds of times. Supervised the handling of more than 1,100 complaints transferred from regulators, and determined the responsible parties of more than 12,000 complaints. Recorded the best industry performance in terms of five core complaint indicators such as "complaints per 100 outlets".
Improving the quality of customer complaint handling	<ul style="list-style-type: none"> Handled complaints in a timely and proper manner in strict accordance with regulatory requirements and internal regulations, and realized online acceptance and reporting of complaints from all channels in the customer complaint management system. Sent reminders to and discussed with relevant departments to avoid wrong complaint classification, and adopted human-machine joint control for this reason.
Promoting the development of a diversified mechanism for resolving disputes	<ul style="list-style-type: none"> Took diverse measures to address vexatious and repeated complaints, and built a mediation team under the guidance of regulators. Formulated the Basic Norms for Resolving Financial Disputes According to the Dispute Mediation Mechanism and the Notice on Further Strengthening the Establishment of a Diversified Financial Dispute Resolution Mechanism, to define normative requirements for resolving financial consumer disputes according to a third-party resolution mechanism which advocates equal negotiation, reconciliation, and non-litigation resolution. Actively performed duties as a member and part-time mediator of the Zhejiang Provincial People's Mediation Committee for Financial Consumer Disputes.

As of the end of 2022, we had accepted 105,340 complaints, with a handling rate of 100%. Total complaints by region are shown below:

Outlet	Number of complaints	Outlet	Number of complaints	Outlet	Number of complaints
Beijing Branch	770	Tianjin Branch	402	Wenzhou Branch	538
Hangzhou Branch	2,202	Wuhan Branch	401	Taizhou Branch	152
Nanjing Branch	607	Zhengzhou Branch	752	Shaoxing Branch	416
Guangzhou Branch	616	Hefei Branch	180	Zhoushan Branch	21
Shenzhen Branch	1,138	Guiyang Branch	107	Jinhua Branch	323
Shanghai Branch	582	Changsha Branch	150	Jiaxing Branch	213
Suzhou Branch	285	Nanchang Branch	81	Quzhou Branch	87
Ningbo Branch	522	Qingdao Branch	51	Huzhou Branch	122
Chengdu Branch	519	Hohhot Branch	34	Lishui Branch	26
Chongqing Branch	1,575	Shenyang Branch	298	Nanning Branch	15
Ji'nan Branch	385	Fuzhou Branch	13	Taiyuan Branch	6
Xi'an Branch	511	Lanzhou Branch	398	/	/

Total complaints by type:

Category	Number of complaints	Category	Number of complaints
Complaints about debit cards	65,200	Complaints about other intermediate services	655
Complaints about loans	11,692	Complaints about RMB savings	653
Complaints about debt collection	4,261	Complaints about FX	364
Complaints about self-operated wealth management	4,143	Complaints about precious metals	53
Complaints about agency banking	1,066	Complaints about RMB management	16
Complaints about payment & settlement	6,103	Other types of complaints	10,226
Complaints about personal financial information	908	/	/

(III) Protecting customers' privacy and information security

To ensure customer privacy and information security, we further improved relevant management mechanisms, enhanced scenario orientation, and strengthened access management.

(i) Protecting customer privacy

Updating privacy policy	<ul style="list-style-type: none"> We investigated the privacy policy compliance of 26 apps such as personal online banking and mobile banking, and updated privacy policy in 12 scenarios.
Covering all processes related to customer information	<ul style="list-style-type: none"> We incorporated customer privacy protection into all related processes including the collection, storage, searching, registration, downloading, printing, copying, saving, statistical analysis, modification, processing, circulation, deletion, destruction, sharing with partners, regulatory reporting, and returning to consumers of customer information, in line with relevant laws and regulations, and the principle of minimum necessity. In addition, we comprehensively standardized and strengthened customer information security management, and conducted classified information management.
Blocking sensitive information	<ul style="list-style-type: none"> We investigated the information system for customer sensitive information security defects. A total of 177 application systems were included, of which 80 systems with sensitive information security defects have been identified and fixed.
Privacy policy and disclosure	<ul style="list-style-type: none"> We clearly informed customers of service/product-related privacy policy, including the nature of information obtained, the use and protection of information, information management options (decided by customers, including withdrawal, consent, correction, deletion, access, transferring to other service providers), retention period of information, third-party disclosure regulations, etc.
Improving customers' information security awareness	<ul style="list-style-type: none"> We conducted information security education activities at communities, parks and squares during the Cyber Security Week and the Fintech Week to improve people's information security awareness and the capacity to protect their privacy.

(ii) Information security management

Enhancing classified information management	<ul style="list-style-type: none"> We reviewed the information access permission of more than 7,000 positions related to consumer information management in terms of management methods, business types and scopes of information according to scenarios and business types. In addition, we conduct information collection, storage, retrieval, report and return as required by businesses. Unpermitted information access must be approved first.
Conducting regular information security inspections	<ul style="list-style-type: none"> We conducted several bank-wide information security inspections, focusing on the sharing and copying of information for external parties, customer information security in the workplace, compliance of employee computer management, compliance of customer information transfer, and compliance of information destruction. In addition, we carried out on-site unannounced inspections on positions having access to large amounts of information, such as retail banking, small loan granting, and anti-money laundering. Based on an analysis of the problems identified, we enhanced management on system architecture design, data collection and retention, process access permission, etc.
Developing data security technology	<ul style="list-style-type: none"> Achieved ISO27001, ISO20000 and ISO22301 certifications. Promoted rigid data security control technologies such as the DLP system, digital watermarking system, and data container system to prevent data from being tampered with, destroyed, leaked or illegally accessed or illegally used. Developed a data (including customer information) security control system and data classification and management mechanism; Further improved the data leakage risk identification, monitoring and control mechanism.
Improving employees' information security awareness	<ul style="list-style-type: none"> We conducted cyber security, data security, and cyber security protection training every year to improve employees' information security awareness and skills. The training was provided both online and offline, in the form of external online courses, internal micro lectures, and themed lectures, which have effectively improved the information security awareness of employees, particularly those subject to restrict information security requirements.

(IV) Publicizing financial knowledge

We continued to promote information security education across the bank. An interactive platform has been built to promote communication among the Head Office, branches and sub-branches, ensuring that every outlet, every employee and every customer was covered. In the past year, under programs such as Long Journey of Financial Literacy, Financial Literacy Month, Community Financial Literacy, Rational Investment, and Finance Online, we conducted more than 12,000 information security education activities, benefiting over 70 million consumers.

Case: Original financial literacy short videos

Our bank staff independently shot a series of financial literacy short films (e.g., Party A and Party B, Talent Education, Angel Investment, When Zhubajie is Involved in Illegal Fundraising) to promote knowledge about anti-fraud and illegal fundraising. Those interesting videos created desirable effects, and were praised by both consumers and regulators.



Scan to watch original short film "Angel Investment".



Case: CZBank promotes financial literacy in rural areas

CZBank carried out a large number of financial literacy activities in rural areas to effectively address lower financial literacy across these areas.

- Ningbo Branch visited Baiguoshu Community and Xinmin Village to communicate the definition and scope of coverage of deposit insurance, and dangers of money laundering and illegal fundraising, guiding villagers to stay away from illegal financial activities.
- The Dandelion Financial Service Volunteer Team of Guiyang Branch visited Huahong Village in Changshun County, introducing CZBank's preferential policy to farmers right in fields. Their efforts were highly praised by farmers.
- Xi'an Branch promoted financial knowledge at its paired poverty alleviation village. Through posters and broadcasting financial knowledge and cases, they helped villagers improve the awareness of financial security.



Case: CZBank provides financial education for special groups

CZBank customized a series of financial literacy activities for seniors, students, disabled people and other special groups to help them protect their interests and rights.

- Hangzhou Branch and the Zhejiang Disabled Welfare Foundation jointly launched the Financial Literacy Class for Special Groups. Through videos and lectures, they taught people with intellectual disabilities and their families how to identify and prevent illegal fundraising and cryptocurrency scams under the cloak of technological innovations.
- Xi'an Branch invited sign language teachers to join their financial literacy activities for hearing impaired people in the catering service industry. They introduced basic financial knowledge, and analyzed illegal financial behaviors, helping impaired people to better protect their consumer rights and personal information.
- Shenzhen Branch worked with the People's Procuratorate of Shenzhen Municipality to give a Financial Literacy Lecture to disabled people at the Shenzhen Nanshan District Disabled Persons' Federation. Prosecutors shared their experience and analyzed cases included in Basic Financial Knowledge and Cases compiled by Shenzhen Branch, helping disabled people have a better understanding of the forms of illegal fundraising and related risks. The lecture was very successful.



Chapter 4

Growing with Employees

Employees are the precious wealth of an enterprise. In line with the philosophy of "everything depends on people, everything is for people", we explored more practical measures to integrate employees' personal development and family happiness with corporate growth, aligning personal growth with organizational development, while giving employees a stronger sense of belonging, happiness, and gain.

Contributing to the UN SDGs:



(I) Creating a positive working environment

CZBank is committed to building a harmonious, fair, and inspiring working environment. We reshaped our corporate culture system, launched the "passing on the family spirit and promoting CZBank spirit" thematic activities campaign, and explored more ways for employees to voice their opinions, in order to create a fair and just working environment.

Case: CZBank celebrates the first CZBank Day

In August, CZBank celebrated the launch of its new corporate culture system with a series of activities, including releasing the new corporate culture video, awarding the first "Outstanding Employees of CZBank", singing independently created song "The Best Us", holding a corporate culture carnival, living stream the August 18 Common Prosperity Program, and celebrating the retirement of a batch of senior employees. These activities improved corporate cohesion, and helped create a positive workplace environment.



CZBank Day activities



Scan to watch "The Best Us"



Case: Hive Community encourages employees to speak out

As a unique culture of CZBank, the Hive Community was created to hear the true voice of employees, encourage employees to report problems and turn such voice into a force behind corporate development. Finally, a Hive Community culture was formed. By the end of 2022, more than 13,000 employees had joined the community, contributing 33,000 posts. Opinions have been compiled into 45 reports submitted to related departments to address or reply. Some of the opinions have been adopted. For example, Hive Community member *dustin's* rational proposal for digital reform innovation projects won the Special Contribution Award of the Digital Reform "Golden Ideas" Creative Ideas Competition. Another proposal of holding a bank-wide Honor of King competition has grown into the CZBank E-Sports Invitational Tournament.

"There have been so many heart-warming moments this year – the launch of the Hive Community, distribution of supplies like food and drugs, and Wei (wish you all the best in Wuhan). Above all, after I criticized the Convention of CZBank, my post was not deleted, and what's more, Secretary Lu replied to me. In the challenging economic environment this year, I had a difficult time, but I have never been more confident in CZBank and my future than I'm now!"

—Girasol, Hive Community member

Family Spirit Story: Whatever you do, do your best!

"In my childhood memories, my grandfather was an ordinary and kind old man. He was a soldier, but he had never mentioned the battles he fought. He was optimistic, fearless, and hardworking, and this is the revolutionary spirit that he passed to me," said Hu Yihong from Hangzhou Branch, "I work at the back office, but I'll always support the frontline. No matter what I do, I work at it with all my heart, regardless of the results."



Family Spirit Story: The perfect anti-fraud partners

Yao Yao from Ningbo branch is responsible for anti-fraud at the counter, "Our job is to safeguard the wallets of customers." Her husband is an anti-fraud policeman who spends half of a year catching telecom fraud suspects, and his trips are often sudden for Yao Yao. "I team with my husband and also my colleagues. We are best partners. Safeguarding the wallets of customers requires the joint efforts of everyone in the lobby — the tellers, the Lobby Manager, the Operations Manager... I'm proud of being a member of our Perfect Anti-Fraud Team."



(II) Expanding employee development channels

(i) Optimizing promotion process

We continued to improve the talent development mechanism, making sure that it's fair to both external recruitment and internal promotion. Measures like internal transfer, job rotation, competitive promotion, two-way exchanges, and short-term exchanges have been taken to attract, retain and empower talented employees, ensuring sufficient talent supply.

Case: CZBank selects talent through internal competitive promotion

In May, the Party Committee of the Head Office organized an internal promotion competition, offering management positions of the Party Committee of the Head Office, and second-tier department head positions of the Head Office. The competition attracted 337 applicants. Through qualification review, written examination, primary selection, and presentation, 9 applicants, all under 40, became candidates of the management positions of the Party Committee of the Head Office; and 10 applicants, all under 35, became the candidates of the second-tier department head positions of the Head Office.

The Disciplinary Inspection Team stationed in CZBank supervised the entire process of the competition, and the list of candidates was made known across the bank to ensure a fair, just and open competition. As an important supplement to the traditional appointment mode, the competition provided a new channel of promotion for young talent, and also a new way to identify and promote young talent, an effort to build a younger management team.



An applicant is making a presentation at the promotion competition

(ii) Training capacity building

We further improved the talent training system, including optimizing training content and mode, so that employees at different levels and positions were empowered according to their weaknesses and strengths. We also improved the digitalization of the training system.

Training course system	<p>Our training system covers employees at different stages of their careers, including orientation training which helps new employees adapt to the workplace, and career development training aiming to help employees improve professional, management and general skills.</p> <ul style="list-style-type: none"> For on-campus recruited employees, we provided "Induction Manual for Graduate Employees" online learning, "CZBank Dreamer Camp" training, and internship training by instructor. For off-campus recruited employees, we offered "Induction Manual for Non-Graduate Employees" online learning, and induction training held from time to time. Excellent young employees are provided with "Talent" training. Managers may pursue self-development through the Online Business School, professional training, and the CZBank Lecture. For professional employees, we've created a professional training system. Based on "CZBank Intelligent Cloud" ("浙银智慧云"), we developed courses on general abilities and hold off-line thematic trainings from time to time for all our employees.
Professional instructor team	<p>We established a part-time instructor team, formulated the Measures for the Management of Internal Part-time Lecturers of CZBank (2022 Edition) to define the qualifications, review, certification, management and assessment of lecturers, and keep improving instructors' teaching and professional skills.</p>
Online education platform	<p>We upgraded the CZBank Intelligent Cloud training platform, including launching learning games, Q&A competitions, intelligent Q&A, among other. In addition, we integrated the platform with the HR system to improve the digitalization of the training system, providing better learning experience for users.</p>



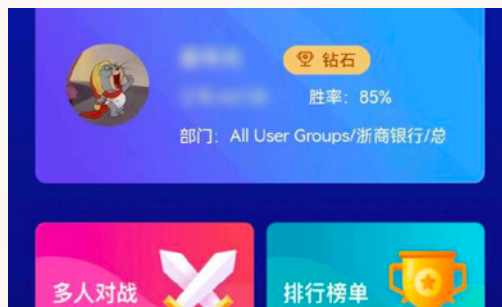
At the third CZBank Lecture for executives, experts were invited to give lectures on anti-money laundering and related party transaction.



CZBank Dreamer Camp for on-campus recruited employees



Training animations independently produced by staff make learning interesting

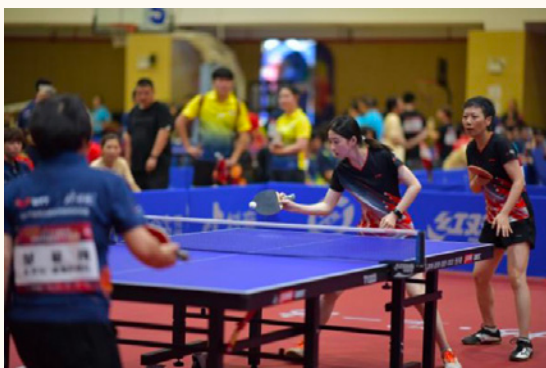


One-to-one Q&A competition to spread anti-corruption knowledge

(III) Improving care for employees

We encouraged employees to "stay healthy and enjoy work". While providing employees with a full range of welfare measures, we also conducted various sports and entertainment activities to improve their sense of happiness, which cared for employees' lives.

Healthcare	<ul style="list-style-type: none"> • Set up a medical room to provide basic healthcare skills and physical & mental health training for employees from time to time. • Increased the items of employee medical examination, and offered a discount on the same medical examination package to the families of employees. • Bought supplementary medical insurance for employees' parents, spouses and children. • Invited famous Traditional Chinese Medicine experts and western medicine experts to provide Traditional Chinese Medicine diagnosis and treatment and free consultation for employees. • Created the Healthcare Service Platform to provide employees and their families with convenient healthcare services.
Catering service	<ul style="list-style-type: none"> • Built a staff canteen to provide healthy and delicious meals, fruits, etc., and held food festivals from time to time.
Life service	<ul style="list-style-type: none"> • Provided uniform production and laundry services. • Some outlets have set up barber rooms, pressure release rooms, gyms, yoga rooms, etc. • Improved the Micro Logistics platform which supports meeting reservation, visit reservation, car reservation, consulting, meal card recharge, online food ordering, information release, etc.
Recreational and sports activities	<ul style="list-style-type: none"> • Organized calligraphy exhibitions, speech contests, brisk walk competition, e-sports invitational competitions, youth employee fellowships and other activities • Encouraged outlets to build interest groups such as swimming, fitness, flower art, calligraphy and painting, and ball game groups. The Head Office had 13 interest groups which organized hundreds of activities throughout the year, attracting nearly 10,000 employees.
Care for special groups	<ul style="list-style-type: none"> • Set up Mummy's Room at the Head Office, branches, and second-tier branches which create a sanitary and safe breastfeeding environment for lactating female employees. The lactation room at the Head Office was selected as a demonstration Mummy's Room by the Zhejiang Finance and Trade Union. • Organized and supplemented the files of needy employees, and assisted 113 needy employees in 2022. • Sent gifts to employees on important festive occasions, like Spring Festival and Middle Autumn Festival etc., and visited employees who were married or hospitalized, or whose family members died.



Employee representatives of CZBank participated in the China Amateur Table Tennis Team Competition



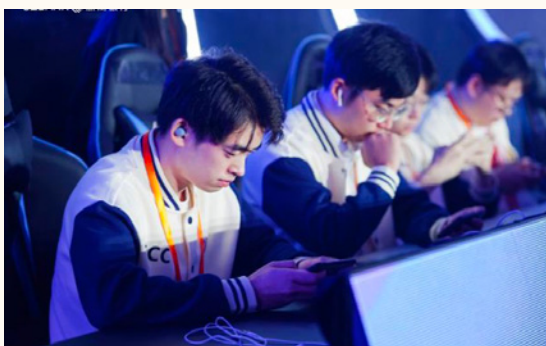
The 3rd Basketball and Aerobics Competition of Guangzhou Branch



Female employees are making scented candles as part of Hangzhou Branch's "Blooming Women" Women's Day celebration



Nanning Branch "CZBank Common Prosperity" Brisk Walking



The first "The Highest Honor" E-Sports Competition of CZBank



The first Fun Sports Meeting held by Zhejiang Zheyin Financial Leasing Co., Ltd. to celebrate the 20th CPC National Congress



Nanjing Branch "Challenging the Peak" Mountaineering



The 10th Anniversary Employee Talent Show of Suzhou Branch

Chapter 5

Making Contributions to the Community

Gratitude is an attitude, making contributions is a responsibility. As a community member, CZBank actively participated in community construction and shared development achievements with the community. Over the years, in line with the principle of "finance for good", we've been actively engaging in various philanthropy activities to assist schools, disaster-hit areas and vulnerable groups. What's more, we developed innovative non-profit financial products, built philanthropy platforms, and advocated employees, customers, and partners to participate in social welfare, contributing to a better community.

Contributing to the UN SDGs:



(I) Developing non-profit finance

We actively explored non-profit finance models, including incorporating financial tools into philanthropy, and cooperating with charitable organizations to establish charitable trusts, for the purpose of diverting wealth to people's benefits.

Case: Jinan Branch welcomed its first charitable trust

In August 2022, CZBank for the first time participated in a charitable trust— as its custodian and investment advisor. The Zhe Jin Trust - Philanthropic Foundation Trust is trustee by Zhe Jin Trust to support the Philanthropic Foundation to help teenagers in terms of education availability, growth care, psychological counseling, interest development, environmental improvement, personal development, etc. The project provides a way to support public welfare through high-quality financial services.



"Little Bankers, Big Dreamers" Program



Case: Mutual promotion between finance and philanthropy

Futiyuan Retirement Home in Daxing District, Beijing was co-founded by Mrs. Wu and her husband. She once asked casually, "Is there any good way for companies and individuals to engage in philanthropy?" For this, Beijing Branch recommended the "Enterprise + Family + Charity" mode which allows she and her husband jointly establish a charitable trust to assist students in mountainous areas. In February 2023, Futiyuan Retirement Home Charitable Trust was established, with an initial size of RMB 1.7 million.

"We fund the trust to increase the sense of social responsibility of our children... We will take our children to charity activities like donating to students in mountainous areas, and assisting seniors and disabled persons in the future."

—Mrs. Wu, customer of CZBank



(II) Joint efforts with communities

CZBank has launched a number of well-known characteristic philanthropic programs such as the "One Bank Branch for One Primary School" Plan, and "Salute to City Guardians" Program, encouraging employees to engage in volunteering activities. By the end of 2022, the charity donation expenditure of this year amounted to RMB 25.4808 million, accounting for 0.16% of total profits.

Case: Bringing hope to children in mountainous areas

When CZBank announced its establishment two decades ago, there was no ceremony—the money saved was donated under the Young Eagles Flight Plan—an educational assistance plan for a thousand poor students in Zhejiang. In the Wenchuan Earthquake, Jieguanting Town Primary School in Lueyang County, Shaanxi Province was seriously damaged. Since then, CZBank has been continuously assisting the school. In 2019, CZBank launched the "One Bank Branch for One Primary School" Plan, starting a journey of bringing hope to children in mountainous areas by helping them enjoy better educational resources.

As of the end of 2022, the Plan had covered 29 rural primary schools (including 12 in Zhejiang) paired with 31 institutions in the "One Bank for One School" program. A total of RMB 23.9838 million had been donated to improve these schools' infrastructure, living environments, teaching quality, and personal development education, benefiting more than 10,000 students.



The Head Office and Lishui Branch organized an oral health lecture for children at the Yuyan Town Central School in Songyang County.



Xi'an Branch invited healthcare workers to examine the teeth of children at Jieguanting Town Primary School in Lueyang County



Shenyang Branch sent New Year lucky bags to teachers and students at Shanzuizi Town Central Primary School in Kazuo County



Hangzhou Branch and Quzhou Branch offered interest courses such as bamboo weaving and egg carving courses at Xinchang Township Primary School, Changshan County, enabling students to develop outside interests.



Jinan Branch and Suzhou Branch jointly donated cotton-padded clothes to children of Bayi Hope Primary School in Linqu County.



Shenzhen Branch held a party at Beitang Hongjun Primary School in Dapu County to celebrate the Children's Day with children

Scan to watch the CCTV special documentary "ESG in China – A Journey of the World Cup of Life"



Case: Love saves life

It was the end of September 2022. An ambulance was galloping on the highway from Chifeng, Inner Mongolia to Beijing. Inside the ambulance was 12-year-old boy Wang Lin (pseudonym) from Fengshou Central Primary School in Chifeng City, the paired school of Beijing Branch and Hohhot Branch. Not long ago, Wang Lin was admitted to an intensive care unit of Chifeng Municipal Hospital, after having chest tightness and shortness of breath. After receiving oxygen therapy, ECG monitoring, and medication, Wang Lin was still deteriorating, and the doctor suggested a transfer. On October 2 2022, Wang Lin was transferred to Bayi Children's Hospital in Beijing. On October 3 2022, Wang Lin was diagnosed with cardiomyopathy and may need a heart transplant. The operation would cost at least RMB 400,000-500,000. The previous treatment had eaten up all the savings of the family, and the huge medical expenses left the family helpless.

Knowing this, Beijing Branch and Hohhot Branch quickly called for internal donations. 50, 100, 200, 3,000, 5,000... In just one week, RMB 340,000 was raised, solving the urgent need of the family.

"The help of CZBank is like the brightest ray of sunshine in winter, illuminating the hearts of the parents and their child."

—Excerpt from the letter of thanks from Chifeng Fengshou Central Primary School



Suzhou Branch organized blood donation.



Volunteers from the Head Office delivered drinking water and heat relief supplies to sanitation workers, traffic police and other outdoor workers who work in hot weather.



Volunteers from Chongqing Branch visited veterans of the Beibei Anti-Japanese War.



Zhengzhou Branch purchased 5,500 kg of unsalable seasonal vegetables from farmers and sent them directly to its Love Station.

ESG Reporting

I. Governance performance

(i) Corporate governance

In strict accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, Guidelines for Corporate Governance of Commercial Banks and other laws and regulations and relevant regulatory requirements, CZBank has established the corporate governance structure comprising shareholders meetings, board of directors, board of supervisors and senior management, featuring clear responsibilities, orderly and coordinated management, and democratic and efficient decision-making process.

Composition of the Board of Directors: In accordance with the HKEX Listing Rules, CZBank has formulated the Board Diversity Policy of CZBank, specifying that the selection of directors shall comprehensively consider the gender, age, cultural and educational background, professional experience, skills, knowledge and/or years of service of the candidates, to ensure that the board has a diversity of views and perspectives in performing its duties, and align board composition with its development model.

The number and composition of the board of CZBank comply with relevant laws and regulations and HKEX Listing Rules. The executive directors are diligent, professional and efficient, and attach great importance to the independence of the board. The independent non-executive directors take up no less than one-third of board members, with professional qualifications covering economics, finance, securities, accounting, law, etc. Prior to the election of independent non-executive directors, all nominators and candidates had made a statement on the independence of the proposed directors, promising that they were not under any of the circumstances that would affect their independence as specified by relevant laws and regulations, regulators at various levels, and the HKEX. In addition, the board requires independent non-executive directors to express independent opinions on major matters such as major related party transactions and profit distribution plans.

As of the end of 2022, the board consisted of 13 directors, including 3 executive directors, 5 non-executive directors, 5 independent non-executive directors, and 2 female members, of whom 11 had a master's degree or above, including 4 with a PhD.

Efficiency of the board: The board is responsible to the General Meeting of Shareholders, exercises powers within the scope of authority stipulated in the Articles of Association of CZBank, and assumes ultimate responsibility for the operations of CZBank. A director shall be elected or replaced by the General Meeting of Shareholders and may be removed by it before the expiration of his/her three-year term. As of the end of 2022, all members of the board had been elected by the General Meeting of Shareholders in accordance with legal procedures.

In line with the Measures for the Evaluation and Accountability of Directors of CZBank and other director performance evaluation regulations, CZBank regularly evaluated the annual performance of directors, and reported the results at the General Meeting of Shareholders. During the reporting period, all directors performed their duties diligently, attended or were present at relevant meetings on time, actively participated in the discussion of various affairs, and prudently expressed professional opinions. In addition, they continued to watch closely CZBank's operating activities, and actively participated in various training programs and seminars. The board has evaluated the performance of all directors in 2022, and held that all directors were competent in performing their duties in the past year. Furthermore, the board requires independent directors to report their performance of duties on a yearly basis, particularly the part related to related party transactions, use of raised funds, fulfillment of commitments made by major shareholders, and other key concerns of the board.

CZBank provides continuous training for directors to ensure that they have a proper understanding of the operations of CZBank, and that they always understand their duties entrusted by relevant laws and regulatory regulations. During the reporting period, CZBank invited some independent non-executive directors to the performance briefing, and conducted two anti-money laundering training sessions for board members. In addition, independent non-executive directors actively participated in various lectures and training sessions such as the fourth Follow-Up Training for Independent Directors organized by the Shanghai Stock Exchange in 2022.

ESG performance of the board: Please refer to chapter "Statement of the Board of Directors".

For details regarding CZBank's corporate governance, please refer to relevant chapters such as "Corporate Governance" in the 2022 Annual Report of CZBank.

Indicator	Unit	2022	2021	2020
Number of board directors	No.	13	15	15
Number of executive directors	No.	3	4	2
Number of independent directors	No.	5	4	6
Number of other non-executive directors	No.	5	7	7
Number of female directors	No.	2	2	3
Number of non-executive directors with industry experience	No.	4	4	4
Average tenure of board members	Year	5.85	4.84	6.8
Number of board meetings	No.	14	16	10
Average attendance at board meetings	/	99.45%	93.44%	96.75%
Minimum board meeting attendance rate	/	50%	50%	50%
Number of ESG issues reviewed by the board	No.	6	7	6
Number of training sessions for directors	No.	3	2	3
General Meeting of Shareholders shareholders ⁵	No.	5	6	3

(ii) Risk control

1. Risk governance structure

CZBank implements comprehensive risk management and has established a risk governance structure with a sound organizational structure and clear definition of responsibilities. The Board of Directors of CZBank assumes the ultimate responsibility for comprehensive risk management, the Board of Supervisors oversees risk management across the bank, and senior management implements risk management requirements. Under the Board of Directors, there is the Risk and Related Party Transaction Control Committee. Under the senior management, there are the Risk Management and Internal Control Committee, Asset and Liability Management Committee, Credit Business Review Committee, Asset Risk Classification and Review Committee and Business Continuity Management Committee. The Chief Risk Officer of CZBank is Vice President Chen Haiqiang, who reports directly to President Zhang Rongsen. The Chief Audit Officer is Jiang Rong, who reports to the Board of Directors and the Audit Committee. CZBank's risk management function is structurally independent of its business lines.

2. Focusing on emerging risks

CZBank pays close attention to emerging risks that may have serious negative impacts on China's economic and social systems, such as climate change-related risks, and has taken active measures to ensure stable operation. For details regarding CZBank's response to climate change risks, please refer to relevant chapters such as "Developing Green Finance".

3. Risk preference and limit management

CZBank prefers "prudent and prudent" risk management, and has established a risk appetite management system covering various major risks. The Risk Preference Management Measures of CZBank stipulates the organizational structure and requirements of its risk reference management, and the setting, monitoring, reporting, and evaluation processes of its risk preference. According to the Measures, risk preference shall be set and evaluated on a yearly basis, and the risk preference statement shall be issued and act as the basis for the regular monitoring, reporting and control of risk preference indicators. The Measures also requires the creation of a risk limit management framework covering various major risks, and the establishment of risk limit management regulations on credit risk, country risk, bank book interest rate risk, and market risk. Furthermore, these regulations shall be evaluated and updated on a yearly basis, and monitoring, reporting and control of risk limit indicators shall be conducted regularly.

Note: 5.Including annual general meeting, extraordinary general meeting, meeting of shareholders of A shares, and meeting of shareholders of H shares

4. Risk culture

CZBank pursues a prudent risk culture. It has developed risk management philosophy, value standards, professional ethics, as well as training, communication, and supervision mechanisms in line with the culture, and promoted such among employees for their effective implementation.

CZBank has established a risk management assessment system, which is adjusted on a yearly basis according to annual priorities. The assessment covers credit asset quality, credit asset structure, basic risk management, and risk management lines, and the results are incorporated into comprehensive performance evaluation, differentiated credit authorization, selection of excellent employees, branch-level performance evaluation, etc.

CZBank has been continuously enhancing risk management and education training. The risk management training plan is developed annually, focusing on credit policy, loan management, risk management system operation, etc. Training is provided both online and offline, to continuously improve the risk management capacity of business lines.

CZBank encourages employees to identify and report potential risks. It formulated the Management Measures for Internal Control Violations of CZBank (2022), specifying what employees should do after identifying violations during their performance of duties. Violations will be recorded in the office system, and relevant regulations and procedures will then be improved according to the investigation results.

CZBank has incorporated risk management standards into its product development or approval process. The Basic Regulations for the Comprehensive Risk Management of CZBank (2018) provides risk management policies and procedures for various businesses. Specifically, it provides risk evaluation, internal review and withdrawal regulations and procedures for various business activities, such as the development of new products, major changes to existing products, exploration of new business areas, establishment of new affiliates, and major M&A and investments. In addition, CZBank formulated the Measures for the Innovation Management of CZBank (2018), Measures for the Business Innovation Management of CZBank and other regulations to define the responsibilities of the Innovation Management Committee in reviewing innovation management systems and regulations and the launch of new products, and in assessing risks related to major decisions such as the launch of new products and businesses.

For details regarding CZBank's risk management, please refer to relevant chapters such as "Risk Management" in the 2022 Annual Report of CZBank.

Indicator	Unit	2022	2021	2020
Number of risk management training sessions	No.	28	38	20
Number of participants in risk management training	No.	approx. 5,000	approx. 4,000	approx. 2,000

(iii) Internal control and compliance management

CZBank attaches great importance to internal control management, with continuous efforts to optimize the internal control management system.

Improving the Code of Conduct: We formulated a range of regulations, such as the Measures for the Management of Internal Control Violations of CZBank (2022), Prohibition on Employee Behaviors of CZBank, Measures for the Management of Employee Violations of CZBank, and Management Measures for Deduction of Points for Internal Control Violations of CZBank, to regulate employees' professional ethics and behaviors in the workplace and punish violations across CZBank.

Building a strong compliance culture: To eradicate violations, we launched the "Risk Compliance Education" Program to comprehensively improve employees' awareness of risk compliance; launched the CZBank Violation Rectification Program and the CZBank Employee Violation Rectification Program, in a bid to improve employees' compliance awareness and prevent violations; improved important compliance governance regulations and processes, to increase compliance governance efficiency; enhanced business line management, supervision, inspection and evaluation systems, and conducted compliance inspections according to the risk exposure of outlets and business lines; and further optimized the big data intelligent internal control platform, and built a "1+7+N" evaluation system.

Indicator	Unit	2022	2021	2020
Number of employees participating in the compliance trainings	No.	approx. 150,000	-	-

(iv) Internal audit

CZBank has formulated the Internal Audit Charter of CZBank, Basic Internal Audit System of CZBank, Internal Audit Standards of CZBank, and several other internal control regulations to create an internal auditing system based on the Internal Audit Charter, supplemented by the Basic Internal Audit System, and measured by the Internal Audit Standards.

The internal audit covers comprehensive business (internal control management, human resources, security, etc.), information technology risk, retail banking, wealth management, among others. Besides, the audit pays growing attention to the supervision of the leaderships of the Head Office and branches, particularly the economic responsibility and internal control performance of current and previous executives in terms of credit approval, product pricing, risk disposal, centralized procurement, use of expenses, and internal promotion.

The audit organizational structure has been optimized to create an independent vertical internal audit system in which the Audit Department of the Head Office directly manages the audit departments of branches.

The quality of an audit is ensured through pre-analysis, audit sampling, effective audit plan implementation, and discussion of audit results. For problems identified, comprehensive suggestions are provided in a timely manner. Specific issues, special problems and serious violations are discussed by the audit team or audit department, to ensure principle-based, serious and objective audit processes and results.

Indicator	Unit	2022	2021	2020
Number of internal audits	No.	539	-	-
Number of information technology audits	No.	23	-	-

(v) Business ethics and anti-corruption

To build a clean corporate environment, CZBank has formulated the Decision of the CPC CZBank Committee on Strengthening the Five-character Development of the Leadership Ecosystem, Implement Plan for the Comprehensive Anti-Corruption Program, Notice of the CPC CZBank Committee on Establishing the "5+N+1" Anti-Corruption Assessment System, "Eight Prohibitions" and "Six Requirements" for Employees of CZBank, Opinions of CZBank on Further Regulating Penalties for Violations, Plan for the Establishment of a Comprehensive Monitoring System of CZBank, Notice of CZBank on Launching the Employee Conduct Inspection Program and Leadership Anti-Corruption Program, and Measures for the Internal Disciplinary Inspection Department of CZBank to Handle Complaints.

To enhance bank-wide supervision, we've requested all employees to sign the anti-corruption commitment, and particularly supervised the performance of senior executives against the 51 anti-corruption articles under the "Seven Prohibitions". We've also sent the Integrity and Self-Discipline Supervision Letter to our suppliers and partners. The Disciplinary Committee of the Head Office and the Disciplinary Office of branches would disclose the addresses, telephone numbers, and email addresses to collect reports, and identify, accept, and handle reports. CZBank encourages employees to report violations of laws, regulations, and corporate rules, and keeps strictly confidential the information (e.g., name, workplace, address, etc.) of reporters and reports. Exposure of such information to organizations and individuals being reported is forbidden.

CZBank sends anti-corruption text messages to all employees once a week. With a focus on key positions such as leading personnel and young cadres, anti-corruption training sessions and Party activities themed on anti-corruption have been organized from time to time to improve the anti-corruption awareness of employees.

Indicator	Unit	2022	2021	2020
Number of concluded corruption cases against CZBank or its employees Number of cases	No.	0	-	-
Number of anti-corruption training sessions	No.	208	178	139
Number of employees covered by anti-corruption training	No.	46,659	41,300	35,233
Number of anti-corruption talks with managers before they take office	No.	804	639	516

(vi) Anti-unfair competition

CZBank is committed to building a fair business environment. We abide by business ethics and codes of conduct, and integrate such into the operations of various business lines to improve employees' awareness and ability to prevent unfair competition, monopoly and other crimes. During the reporting period, CZBank did not receive any fines related to anti-unfair competition.

(vii) Sustainable finance

CZBank has actively integrated ESG factors into investing, financing, asset management and other related business lines, and developed a range of sustainability financial products and services related to green finance, rural revitalization, and common prosperity, as part of our efforts to fulfill social responsibilities.

For details regarding CZBank's green products and services, please refer to relevant chapters such as "Developing Green Finance" and "Environmental Performance".

Indicator	Unit	2022	2021	2020
Green loan balance	RMB (100 million)	1,459.23	1,042.44	785.26
Percentage of green loan balance in total loan balance	/	9.57%	7.74%	6.56%
Size of sustainability bonds ⁶	RMB (100 million)	250	-	-
Percentage of sustainability bonds in total bonds	/	55.56%	-	-
AUM of sustainability products ⁷	RMB (100 million)	8.74	-	-
Percentage of sustainability products in total AUM ⁸	/	0.41%	-	-

Note: 6.Including RMB 10 billion of green bonds, RMB 5 billion of agriculture-related bond⁶s, and RMB 10 billion of MSE bonds (supporting the construction of the Zhejiang Demonstration Zone for Common Prosperity)

7.That is, the size of common prosperity products is RMB 874 million

8.That is, the proportion of the scale of co-rich products in the total scale of asset management products

II. Social performance

(i) External and internal recruitment

CZBank strictly abided by the Labor Contract Law of the People's Republic of China, Labor Law of the People's Republic of China, Law of the People's Republic of China on the Protection of Women's Rights and Interests and other relevant laws and regulations. Internally, we formulated policies and regulations such as the Interim Measures of CZBank for the Management of Labor Contracts, and the Implementation Rules of CZBank for the Onboarding and Offboarding Management of Head Office Employees. Moreover, we made clear the rules of employment, remuneration, benefits, vacation, recruitment and promotion, constantly improving the management of labor relations.

Indicator	Unit	2022	2021	2020
Total number of CZBank employees	No.	17,406	15,302	14,646
Number of employees on regular payroll	No.	16,968	14,961	14,233
Number of contract workers	No.	438	341	413
Labor contract signing rate	/	100%	100%	100%
Percentage of vacancies filled by through internal recruitment	/	0.73%	1.08%	2.13%
Number of new employees	No.	3,153	1,923	1,648
Number of new female employees	No.	1,544	885	723
Number of new male employees	No.	1,609	1,038	925
Number of new recruits below 30	No.	1,254	901	884
Number of new recruits between 31--50	No.	1,889	1,015	760
Number of new recruits above 50	No.	10	7	4
Number of new recruits in China	No.	3,130	1,901	1,633
Number of new recruits out of China	No.	23	22	15
Number of new ordinary employees	No.	3,131	1,918	1,641
Number of new middle and senior managers	No.	22	5	7
Turnover rate	/	5.68%	7.65%	6.62%
Turnover rate of male employees	/	6.53%	8.17%	7.27%
Turnover rate of female employees	/	4.76%	7.07%	5.90%
Turnover rate of employees below 30	/	6.52%	10.83%	6.89%
Turnover rate of employees between 31--50	/	5.27%	6.76%	5.93%
Turnover rate of employees above 50	/	8.14%	4.97%	6.26%
Turnover rate of inboard employees	/	5.63%	7.58%	6.21%
Turnover rate of outboard employees	/	17.02%	20.00%	5.00%
Turnover rate of ordinary staff	/	5.77%	7.78%	7.43%
Turnover rate of middle and senior managers	/	0.90%	0.34%	2.01%

(ii) Diversity and equal opportunity

CZBank promotes diversity in recruitment and training, and opposes discrimination of applicants and employees based on gender, age, ethnicity, race, marital status, religious belief, etc. During the reporting period, CZBank's female employees accounted for 48.37% of total employees, and female middle and senior managers accounted for 14.29% of total managers. Female employees are playing an increasingly important role in operation and management.

CZBank advocates a healthy workplace environment. We resolutely resist sexual harassment, discrimination and other misconducts, and strictly prohibit the use of words, texts, images and physical acts against others against their will. Employees suffering such may immediately make a report to the disciplinary inspection and supervision department of their workplace. According to investigation results, the violator will be disciplined and even fired.

Indicator	Unit	2022	2021	2020
Number of male employees	No.	8,986	8,005	7,679
Number of female employees	No.	8,420	7,297	6,967
Number of employees below 30	No.	3,758	3,516	3,289
Number of employees between 31--50	No.	12,813	11,098	10,701
Number of employees above 50	No.	835	688	656
Number of employees in China	No.	17,328	15,230	14,578
Number of employees out of China	No.	78	72	68
Number of Han employees	No.	17,008	14,968	14,355
Number of employees from ethnic groups	No.	398	334	291
Number of ordinary employees	No.	17,077	15,008	14,353
Number of middle and senior managers	No.	329	294	293

(iii) Labor standards

In strict accordance with laws and regulations, we rigidly manage the recruitment process, prohibit child labor, and resist all forms of forced recruitment and compulsory labor. So far, no relevant violations have occurred.

CZBank fully respects and protects the rights and interests of employees. We held employee representative meetings and employee symposiums, set up the "Employees' Voice" mailboxes, and built the "Hive Community", for the purpose of improving communication with employees, and promoting democratic corporate governance.

CZBank pays employees based on their positions and grades, rather than their gender, age, ethnicity, race, nationality, etc. Our compensation system reflects internal fairness and external competitiveness, and aligns employee income with their performance. CZBank has provided employees with a full range of benefits, including the Five Social Insurances and Housing Fund, enterprise annuity, supplementary medical insurance (benefiting employees' parents, children and spouses), meal subsidies etc., and has been continuously improving the benefits system.

Indicator	Unit	2022	2021	2020
Social insurance coverage rate	/	100%	100%	100%
Trade union establishment rate ⁹	/	97.30%	96.67%	96.67%
Percentage of employees covered by trade	/	99.55%	-	-
Absenteeism rate ¹⁰	/	0.46%	0.45%	0.47%

(iv) Health and safety

CZBank set working hours and holidays in strict accordance with Chinese laws and regulations. According to the Measures for the Management of Attendance and Leave of Employees of CZBank (2023) and other relevant policies and regulations, employees are entitled to enjoy annual leave, marriage leave, funeral leave, maternity leave, nursing leave, childcare leave, and parental care leave, as part of their right to take rest and leave.

CZBank strictly abides by international standards and regulations on occupational health and safety, and strives to create a safe and comfortable working environment that protects employees from occupational hazards. Aside from the annual physical examination, we also conducted healthcare education lectures, expert diagnosis and treatment programs, and rescue training to improve employees' health and safety awareness, and reduce health and safety incidents in the workplace. We have set up the Safety Operation Committee as the supreme body of safe operations, responsible for analyzing and reviewing safe operation regulations, rules and emergency plans, and improving a safe operation responsibility system. During the reporting period, CZBank revised the CZBank Public Health Emergency Response Plan and Anti-terrorism Emergency Plan for the Head Office of CZBank (2022), and conducted emergency drills to ensure proper response to emergencies, so as to effectively protecting the health and safety of employees.

CZBank pays attention to the physical and mental health of employees. We have built badminton, basketball, yoga, and swimming interest groups, organized various recreational and sports activities, offered paid recuperation leave, and encouraged employees to have an active and healthy lifestyle. What's more, we provided remote work arrangements, lactation rooms, and breastfeeding leave for female employees in need, as part of our female care efforts.

Indicator	Unit	2022	2021	2020
Lost days due to work injury	Day	1,178	327	276
Work-related fatalities	No.	0	0	0

Note: 9. Trade union establishment rate = the number of branches with trade unions / the number of all branches (All branches have established trade unions except Hong Kong Branch)

10. Absenteeism rate = the number of absent days in a year (sick leave, personal leave, excluding planned holidays) / the number of available workdays in a year (the average number of employees across the bank * 249 working days)

(v) Development and training

CZBank respects and supports each employee's career development and value realization. We have established a fair, just and open employee development and promotion system, and two different rank systems for marketing personnel and management personnel. In addition, we encouraged employees to choose career development paths based on their strengths, and promoted employees based on evaluation results.

CZBank has created a mature internal training system covering Party building, strategic tasks, key employee development, job skills development, daily work skills development, comprehensive capacity development etc., to promote employee and corporate development. The system provides a platform for employees at various levels and in different positions to achieve rapid personal development. We also encourage employees to participate in systematic learning programs to learn professional knowledge and skills, and have provided exam fees for employees participating in exams for any of the 104 qualification certifications, such as Qualification Certificate of Banking Professional, CPA certification, and CFA certification.

During the reporting period, CZBank issued the Measures for the Management of Internal Part-time Lecturers of CZBank (2022) and Training System for Non-Graduate Employees of China CZBank. Training arrangements were released once a month, and 1,529 training sessions were conducted for 640,000 employees.

Indicator	Unit	2022	2021	2020
Employee training expenditure	RMB (10 thousand)	2,664.03	2,588.62	2,261.69
Employee training expenditure per person	RMB	1,530.52	1,691.69	1,544.24
Number of training programs participated in by employees	No.	1,529	1,895	2,098
Number of participants in the trainings	No.	643,273	593,029	366,392
Percentage of employees receiving training ¹¹	/	100%	100%	100%
Average training time	hour	64.90	62.61	57.83
Average training time for male employees	hour	51.87	-	-
Average training time for female employees	hour	57.06	-	-
Average training time for ordinary employees	hour	54.52	-	-
Average training time for middle and senior managers	hour	39.37	-	-
Average online training time	hour	39.90	-	-
Average offline training time	hour	25.00	-	-

(vi) Human capital analysis

We conducted employee efficiency evaluation and analysis with a focus on the operating performance of branches, so as to achieve more differentiated, scientific, and specific human resource (HR) allocation according to the employee efficiency of various branches, improving overall operating efficiency. We dynamically controlled the number of employees and optimized the structure of employees in line with our operating policies and development strategies, and the principal of "accurate, farsighted and differentiated HR allocation".

The Human Resources Department of the Head Office analyzed the HR of outlets on a monthly basis, and incorporated HR indicators such as turnover rate and employee efficiency into the annual HR management performance evaluation of outlets, urging them to improve HR planning, thus making full use of HR as the principal resource.

Note: 11. Percentage of employees receiving training = the number of employees participating in training / the number of employees in the bank

(vii) Supply chain management

We procured in accordance with the CZBank Centralized Procurement Management Measures (Version 2, 2019), Implementation Rules for the Management of Centralized Procurement Evaluation Experts of CZBank (Trial), CZBank Centralized Procurement Catalog (2019) and other policies and regulations, as well as the principle of "open, fair, just, honest" procurement, and disclosed procurement information on Zhejiang Government Procurement Network and cfcfn.com, to ensure a fair competition environment for suppliers. Besides, we have been continuously improving the procurement management system.

We enhanced market and supplier investigations and expanded our supplier base to better manage environmental and social risks. Factors such as whether a supplier has a good business reputation and a sound financial and accounting system, whether it provides effective proof of paying taxes and social insurance according to the law, whether it is in good operating condition, and whether it has a record of major violations of the law have been incorporated into the supplier qualification review, to comprehensively assess their potential risks. In addition, suppliers have been required to provide the Letter of Commitment for Suppliers' Good Faith in Operations and Agreement Performance, and undertake that any violation will lead to a three-year ban on participating in our procurements. We have also developed environment and social responsibility scoring standards, and supplier management regulations to ensure that among suppliers with neck-to-neck product quality and service standards, priority is given to more eco-friendly and sustainable ones. Such encouragement is enhanced by our continuous ESG promotion. Finally, as part of supplier management, we evaluate the ESG performance once a year, and those with poor performance are eliminated.

Indicator	Unit	2022	2021	2020
Number of centralized procurement projects in the current year	No.	150	-	-
Budget of central procurement	RMB (10 thousand)	87,993.00	113,096.58	53,425.62
Performance rate of centralized procurement projects	/	100%	100%	100%
Coverage of supplier performance assessment	/	100%	-	-
Number of potential suppliers	No.	2,854	2,394	2,165
Suppliers in the Yangtze River Delta	No.	1,660	1,392	1,248
Suppliers in the Pearl River Delta	No.	310	275	254
Suppliers in the Bohai Economic Rim	No.	587	501	460
Suppliers in Central China	No.	125	95	85
Suppliers in Western China	No.	145	109	100
Suppliers in Northeast China	No.	27	22	18

(viii) Product liability and consumer protection

As a "customer-centered" bank, we strictly abide by the Law of the People's Republic of China on Protection of the Rights and Interests of the Consumers and other relevant laws and regulations, and formulated the CZBank Consumer Rights Protection Evaluation and Review Measures (2022), CZBank Consumer Rights Protection Management Measures (2021), CZBank Customer Complaint Management Measures (2020), CZBank Basic Standards for Using the Dispute Mediation Mechanism to Resolve Financial Disputes, CZBank Regulations on Personal Product and Service Pre-sale Management and Information Disclosure, CZBank Personal Product Information Disclosure Platform Management Measures, CZBank Marketing and Publicity Management Measures (2021) and other policies and regulations. In addition, we have regularly held meetings of the Consumer Protection Committee, and continuously optimized service consulting, product sales, complaint handling, consumer protection review processes.

To ensure product and service quality, we have incorporated the consumer protection review into the risk management and internal control systems of outlets, established a financial consumer protection prior review mechanism, improved the coordination mechanism for cross-departmental consumer protection review, and strengthened the tracking, implementation and supervision of consumer protection review opinions. The consumer protection review inspects the product/service development and design specifications, contracts, regulations, notices, marketing and promotion materials, advertisements, text messages, and customer

interfaces of outlets, to assess their customer protection performance in product/service development and design, business rules, pricing management, agreement development, marketing and promotion, and consumer risk positioning, so as to effectively protect financial consumers' property security right, right to know, right to make independent choices, right of fair trade, right to claim compensation according to law, right to be respected, and other legitimate rights and interests.

Our information disclosure covers the entire pre-sale, in sale, and after-sale processes of products and services. The nature of products and services, charges, and main terms of contracts are disclosed to help consumers have a full understanding of the features and risks of products and services before accepting them. Key information that may affect consumers' decision-making is disclosed in a standard format or easy-to-understand words so that consumers understand it easily. Disclosing channels include our official website, mobile banking app, specifications provided in the lobby, and counter marketing.

We regularly inspected and audited marketing and promotion management, and addressed problems identified in a timely manner. During the reporting period, CZBank's marketing and promotion texts did not contain any false records, illegal promises of returns or assumption of loss, exaggerated performance, or misleading expressions that may easily cause customers to ignore risks.

To promote consumer education, we invited experts from PBC and other external institutions to offer financial literacy education, particularly in rural areas, in hope of improving the financial literacy of more people lacking financial literacy.

In terms of debt collection, we revised the CZBank Credit Card (Consumer Finance) Debt Collection Management Measures (2022) and other policies and regulations, and strictly followed the principle of effective, legal, confidential and coordinated debt collection. Besides, we developed regulations on division of responsibility, debt collection modes, and debt collection supervision, and provided professional training for employees and debt collectors from time to time to improve their compliance awareness and help customers manage their debts.

In terms of internal training, we continued to conduct employee education and training on how to protect the rights and interests of financial consumers. During the reporting period, we conducted more than 260 training sessions, including induction training, consumer protection training for employees at various levels, online training for all employees, "Financial Consumer Protection Review And Regulatory Evaluation" online training provided by the PBC Zhengzhou Training Institute, consumer protection review training, PBC Order No. 5 Q&A training, and complaint management online training, covering middle and senior managers, frontline employees, and new employees. For businesses and positions exposed to more complaints and higher risks, we provided extra training, such as the "Credit Card Consumer Protection Compliance Education and Case Sharing" training, to highlight marketing regulations and customer information protection requirements. What's more, we organized training on credit investigation which is a common concern of consumers, and designed the "Prevention of Telecom Fraud and Online Gambling" training course for frontline staff, enabling them to better crack down on telecom fraud, financial fraud, blackmail and other illegal behaviors.

Indicator	Unit	2022	2021	2020
Number of new (or substantially changed) product and service reviews(Head office)	No.	296	172	214
Number of customer complaints (including those transferred from regulators)	No.	105,340	17,662	4,590
Customer satisfaction rate of the 95527 service hotline	/	99.85%	99.86%	99.77%
Customer satisfaction rate ¹²	/	50.85%	56.00%	49.92%
Financial literacy activities	No.	12,000	4,602	1,172

(ix) Privacy protection and information security

CZBank strictly follows the Data Security Law of the People's Republic of China, Personal Information Protection Law of the People's Republic of China, Personal Financial Information Protection Technical Specification, and other relevant laws and regulations. Internally, we have formulated the CZBank Cyber Security Management Measures (2022), Measures of CZBank for Data Governance Management, CZBank Data Security Management Measures, CZBank External Data Management Measures (2021), CZBank Data Security Grading and Classification Standards, Measures of CZBank for Information System Data Request Management, CZBank Personal Financial Information Protection and Development Specification, CZBank Consumer Financial Information Management Measures (2021), CZBank Consumer Financial Information Protection Emergency Plan, and other relevant policies and regulations, to regulate behavior related to information security. The above regulations apply to the entire bank, to strictly prevent information leakage and information security incidents.

Note: 12. Percentage of customers giving reviews in customers making complaints through the 95527 hotline

In our governance structure, the Board of Directors assumes the ultimate responsibility for the management of information technology (IT) risks (including information security/cyber security risks); directors Zhang Rongsen, Zhou Zhifang, and Wang Guocai with professional management backgrounds are responsible for reviewing and approving IT risk management strategies and setting IT risk preferences; the Board of Supervisors supervises the performance of the board and senior management in IT risk management; and the Department of Fintech (Former) is responsible for implementing privacy protection and data security policies and regulations.

To ensure effective suspicious event reporting, we established an IT emergency risk (including information security and cyber security risks) early warning system, defined processes and requirements for event classification, reporting and responding, and required employees to report suspected production interruptions, service quality declines, cyber security incidents, and other information security emergencies in a timely manner. Reports are accepted and handled according to relevant regulations. If an emergency is identified as level 4 or above, the outlet shall activate corresponding emergency plan according to its scenario.

We have incorporated cyber security accountability into routine inspections and performance evaluations, and hold zero tolerance to behaviors leading to cyber security incidents, internet public events, or other serious consequences. In case such a consequence occurs, the person directly responsible for it, the cyber security head of the outlet, and the team leader will all be held accountable.

In terms of IT infrastructure construction, we developed emergency management methods and general response plans to address business continuity problems and IT emergencies, and created 133 emergency plans covering all important projects of the year, related information systems, and various emergency response scenarios. Emergency drills were also conducted from time to time according to the plans. Our IT infrastructure has obtained the ISO27001, ISO20000 and ISO22301 certifications, and has also passed other internal and external evaluations and audits. Besides, external auditors and other third-party institutions are hired to evaluate or audit our IT infrastructure and information security management annually.

For details regarding CZBank's privacy protection and information security, please refer to chapter "Improving Customer Experience".

Indicator	Unit	2022	2021	2020
Number of information security incidents	No.	0	0	0
Number of personal identity security vulnerabilities	No.	0	0	0
Number of customers and employees affected by data breaches	No.	0	0	0
Amount of fines arising from information security breaches or other cyber security incidents	RMB	0	0	0
Number of substantiated complaints of violation of customer privacy	No.	0	0	0
Percentage of IT infrastructure certifications (e.g., ISO27001 certification) obtained by the IT infrastructure in management system certifications should be obtained	/	100%	100%	-

(x) Protection of intellectual property rights

CZBank complied with the Trademark Law of the People's Republic of China and other relevant laws and regulations on intellectual property protection. We focused on the creation, application, protection and management of intellectual properties, and timely applied for patents, trademarks and other intellectual properties in accordance with relevant internal regulations (e.g., Regulations of CZBank on the Management of Trademarks) and the needs of brand building and product promotion, so as to protect our innovations in accordance with the law. In addition, we fully respected the intellectual property rights of others. We required employees to use copyrighted software and authorized pictures, and formulated copyright management regulations, to prevent the risk of intellectual property infringement. During the reporting period, no major intellectual property infringement incidents occurred.

Indicator	Unit	2022	2021	2020
Number of invention patent applications filed in the current year	No.	111	-	-
Cumulative number of granted patents	No.	35	-	-
Cumulative number of software copyrights	No.	31	-	-
Cumulative number of registered trademarks	No.	484	-	-
Number of trademarks registered in China	No.	402	-	-
Number of trademarks registered abroad ¹³	No.	82	-	-
Number of domestic and foreign standards as co-formulator	No.	48	-	-
Number of white papers as lead or co-issuer	No.	5	-	-
Number of national pilot projects as leader	No.	2	-	-
Number of research projects as participant	No.	60	-	-
Number of research papers published	No.	8	-	-

Note: 13.Overseas trademark registration involves Hong Kong, Taiwan, Macau, the United States, the United Kingdom, France, Germany, Switzerland, Singapore and Japan.

(xi) Anti-money laundering and anti-terrorist financing

CZBank strictly abides by the Anti-money Laundering Law of the People's Republic of China, Provisions on Anti-Money Laundering for Financial Institutions, Measures for the Supervision and Administration of Combating Money Laundering and Financing of Terrorism by Financial Institutions, and other relevant laws and regulations, and has formulated the Management Measures for Anti-Money Laundering and Anti-Terrorist Financing of CZBank (2020) (Zhe Shang Yin Fa [2020] No. 94) to provide management methods or procedures for statutory obligations (e.g., customer identification, customer identity information and transaction records preservation, high-value and suspicious transaction reporting, list monitoring, and freezing of terrorist-related assets), money laundering risk assessment, system application, anti-money laundering security and confidentiality, internal supervision and assessment, emergency response, among others. The Measures also defines the responsibilities of parties related to anti-money laundering, and corresponding requirements and procedures. We've been continuously improving the anti-money laundering system.

During the reporting period, CZBank revised and improved high-value and suspicious transaction reporting and list monitoring management measures. In addition, we formulated management regulations for high-risk money laundering customers, countries and products, investigated hidden risks, and implemented corresponding control measures. The Corporate Banking Department and Microfinance Department developed their rules for anti-money laundering implementation for the first time, incorporating money laundering risk management requirements into product R&D, process design, business management and specific operations.

In terms of training, CZBank customized anti-money laundering training programs for directors, supervisors, department heads of the Head Office, branch leaders, branch department heads, anti-money laundering personnel, front-line personnel, and new employees. Instructors included money laundering experts, experienced peers, external anti-money laundering senior experts, and internal anti-money laundering directors. The training covered the current situation of anti-money laundering, interpretation of important policies and documents, suspicious transaction monitoring and analysis, customer due diligence, high-risk customer management, high-risk transaction management, use of anti-money laundering systems, sanctions compliance practices, and so on. Both online and offline training programs were offered to employees at different levels and positions. In addition, we actively participated in external anti-money laundering training programs and exchanges organized by PBC branches, training institutions, and banking associations, to effectively improve employees' anti-money laundering compliance awareness, knowledge and skills.

Indicator	Unit	2022	2021	2020
Anti-money laundering trainings	No.	645	356	241
Number of employees receiving anti-money laundering training	No.	57,844	41,217	15,518

(xii) Community investment

CZBank insisted on sharing development achievements with the community, and continued to carry out public welfare activities such as donating to schools, participating in disaster relief, and assisting vulnerable groups. Aside from employees, we also encouraged customers, partners and other relevant parties to contribute to a harmonious community.

Indicator	Unit	2022	2021	2020
Donations	RMB (10 thousand)	2,548.08	1,738.69	3,362.77
Educational and cultural donations	RMB (10 thousand)	1,778.53	-	-
Healthcare and sanitation donations	RMB (10 thousand)	140.59	-	-
Others (e.g., helping disadvantaged groups)	RMB (10 thousand)	628.96	-	-
Percentage of donations in total profit	/	0.16%	0.12%	0.27%
Volunteer hours of employees	hour	4,633	4,570	3,149

III. Environmental performance

(I) Addressing climate change

CZBank took active measures to address challenges related to climate change in line with China's carbon peaking & neutrality goals and other climate change strategies. We launched energy conservation, emission reduction, and low-carbon transformation programs, set up the Carbon Peaking & Neutrality Leading Group, and promoted environmental and social risk management. In addition, we optimized credit policies to address climate change, paid close attention to climate risks and opportunities and their impact on financial information, and disclosed climate-related decision-making and risk information in accordance with the TCFD framework. All those are efforts to address climate change.

For details regarding CZBank's green finance and response to climate change, please refer to relevant chapters such as "Developing Green Finance".

Indicator	Unit	2022	2021	2020
Green finance				
Green loan balance	RMB (100 million)	1,459.23	1,042.44	785.26
Balance of loans for energy efficiency and environmental protection	RMB (100 million)	211.74	123.16	94.95
Balance of loans for clean production	RMB (100 million)	51.85	31.57	28.88
Balance of loans for clean energy	RMB (100 million)	125.01	79.05	35.72
Balance of loans for ecological and environmental protection	RMB (100 million)	60.14	44.43	50.48
Balance of loans for the green upgrading of infrastructure	RMB (100 million)	985.77	758.17	564.07
Green services loan balance	RMB (100 million)	24.72	6.06	11.17
Y-o-Y increase in green loans	RMB (100 million)	416.79	257.18	246.48
Loan balance of the "Two High and One Excess" industries	RMB (100 million)	530.48	464.67	390.12
Percentage of the balance of loans for industries with serious pollution, energy waste and overcapacity problems in the balance of all loans	/	3.48%	3.45%	3.26%
Balance of loans to environmental industries	RMB (100 million)	1,674.52	1,276.07	1,226.46
Size of green bonds	RMB (100 million)	100	-	-
Number of green projects supported ¹⁴	No.	14,176	11,898	2,919
Water consumption reduction of green projects	ton	9,525,871.43	10,751,700.23	41,728,788.03
Carbon dioxide equivalent reduction of green projects	ton	80,770.21	90,681.14	61,500.03
Sulfur dioxide reduction of green projects	ton	1,278.11	776.45	126.86
Coal consumption reduction of green projects	ton	36,814.44	42,794.74	31,692.29
Chemical oxygen demand reduction of green projects	ton	1,110.50	2,641.73	0.40
Ammonia nitrogen reduction of green projects	ton	723.94	739.94	7.41
Nitrogen oxide reduction of green projects	ton	206.44	436.31	104.71

Note: 14.Environmental benefits are calculated with reference to T115 Guidelines for the Calculation of Energy Conservation and Emissions Reduction for Green Credit Projects, which only applies to the calculation of energy conservation and emissions reduction for project loans and supporting working capital loans.

Green operation

Percentage of outlets covered by new intelligent banking machines	/	100%	100%	100%
Number of e-banking transactions	10 thousand	25,143.40	22,320.41	21,527.01
Number of Internet transactions	10 thousand	14,389.70	12,158.59	12,125.44
Number of tel-banking transactions	10 thousand	6.89	7.59	7.17
Number of mobile transactions	10 thousand	10,467.67	9,813.05	9,027.87
Rate of e-banking substitution	/	99.75%	99.70%	99.49%
Value of e-transactions	RMB (100 million)	205,165.15	195,241.57	170,687.80
Value of Internet transactions	RMB (100 million)	194,503.67	172,543.54	154,079.82
Value of mobile transactions	RMB (100 million)	10,579.10	22,600.24	16,511.00
Video device coverage	/	100%	100%	100%

(II) Greenhouse gas emissions and energy consumption¹⁵

CZBank complies with the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Air Pollution, the Law of the People's Republic of China on the Prevention and Control of Pollution from Environmental Noise, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, etc. CZBank continuously engaged in improving energy efficiency, developing energy-efficient technologies, and promoting green governance, to reduce energy consumption and greenhouse gas emissions in operations, an effort to pursue eco-friendly, low-carbon, and sustainable development.

We incorporated sustainability into the design, construction and management of office buildings. For example, the Head Office building adopts a double glazed glass curtain wall system (three glass sheets with two cavities) to improve the energy efficiency of the external walls, with thermal insulation performance 8.3% higher the national standard. The building's air-conditioning system adopts a VAV system and a water-cooled VRV system to control temperature by time and area, effectively reducing operating costs while providing a comfort environment. These measures have been recognized by a LEED Gold Precertification. The data center of the Head Office improves energy efficiency by reasonably adjusting the mode of terminal precision air conditioners, installing server cabinet blanking panels, and sealing the doors of rooms with air conditioners.

For details regarding CZBank's green operations, please refer to relevant chapters such as "Developing Green Finance".

Indicator	Unit	2022	2021	2020
Total greenhouse gas emissions (Scopes 1 and 2)	tons of CO2 equivalent	46,425.57	16,755.83	19,572.91
Direct GHG emissions(Scope 1)	tons of CO2 equivalent	3,187.87	335.55	324.27
Indirect GHG emissions(Scope 2)	tons of CO2 equivalent	43,237.70	16,420.28	19,248.64
GHG emissions density	tons of CO2 equivalent/m ²	0.06	0.15	0.18
Total energy consumption	MWh	442,815.80	37,461.60	31,004.91
Energy consumption per unit area	MWh/m ²	0.59	0.34	0.28
Direct energy consumption				
Natural gas consumption	m ³	825,250.12	125,071.00	129,081.95
Gasoline consumption	L	622,186.35	20,409.86	17,013.08
Diesel consumption	L	8,109.96	6,587.00	1,825.00
Indirect energy consumption				
Consumption of purchased traditional electricity	kWh	73,761,693.51	-	-
Consumption of purchased green electricity	kWh	94,204.30	-	-
PUE of the data center	/	1.359	1.455	1.701

Note: 15.Greenhouse gas emissions and energy consumption indicators cover the Head Office and domestic tier-1 branches in 2022, and only cover the Head Office in 2020 and 2021. The electricity CO2 conversion factor was calculated based on China's average grid CO2 emission factor of 0.5703t CO2/MWh specified in the Notice on Effectively Managing the Greenhouse Gas Emissions Reports of Power Enterprises from 2023 to 2025 issued by the General Office of the Ministry of Ecology and Environment in February 2023.

(III) Waste management¹⁶

CZBank complies with the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Air Pollution, the Law of the People's Republic of China on the Prevention and Control of Pollution from Environmental Noise, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, etc. CZBank classified and recycled wastes to minimize the adverse impact of wastes on the environment.

Disposal of kitchen waste: We strictly implemented a range of measures to reduce waste, including launching the "Empty Plate" Campaign, encouraging the replacement of disposable tableware with recyclable tableware, and enhancing the classification of kitchen and household wastes for the disposal by waste management companies.

Electronic waste: We included the product recycling clause into agreements signed with the suppliers of electrical and electronic equipment, and established a waste electrical and electronic product recycling system with them. Besides, we established traceable electrical and electronic product management files to identify recyclable products. Some parts of waste products were recycled by us using equipment developed by ourselves.

Hazardous waste: Waste hard disks, toner cartridges, air filters, waste cables, water treatment residues, waste batteries, waste oil, refrigerants that destroy the ozone layer or have a greenhouse effect, and other wastes that may deteriorate the environment were recycled by qualified professional companies, to effectively reduce possible pollution.

Indicator	Unit	2022	2021	2020
Total waste amount	ton	6,604.47	2,001.10	1,854.47
Total discharge amount of non-hazardous waste	ton	6,577.98	2,000.50	1,854.37
Household waste	ton	4,936.82	1,656.50	1,380.30
Kitchen waste	ton	1,517.06	344.00	425.00
Waste office supplies	ton	62.23	-	-
Amount of harmless electronic wastes	ton	61.88	0	49.07
Total waste amount ¹⁷	ton	26.43	0.5992	0.0952
Toner cartridges, toner cartridges	ton	17.52	0.5992	0.0952
Particulates	ton	0.05	-	-
Sulfur dioxide	ton	0.34	-	-
Nitrogen oxides	ton	8.52	-	-
Discharge of non-hazardous waste per unit area	t/m ²	0.0087	0.0179	0.0166
Discharge amount of hazardous waste per unit area	t/m ²	0.000035	0.0000054	0.0000009

Note: 16.Waste management indicators cover the Head Office and domestic first-tier branches in 2022, and only cover the Head Office in 2020 and 2021. All wastes generated during the reporting period were disposed in accordance with relevant requirements.

17.Hazardous wastes were mainly toner cartridges and ink cartridges. Toner cartridges were calculated at 0.8 kg (gross weight)/pc. Particulates, sulfur dioxide, and nitrogen oxides were calculated in accordance with the Technical Guidelines for the Compilation of Air Pollutant Emissions Inventory for Motor Vehicles (Trial) published by the Ministry of Ecology and Environment.

(IV) Water resource management

CZBank enhanced the water consumption management of office buildings to reduce water consumption. For example, in the Head Office Building, we placed save water signs in the public areas to remind employees to save water; fixed damages to water and gas facilities and equipment detected during inspections and maintenance in a timely manner to eliminate the waste of water and gas, and requested property management companies to manually adjust the triangular valves of basins on each floor from time to time to control water consumption. What's more, the data center adopted professional water circulation technology to reduce water consumption and waste, further increasing water efficiency, and at the same time, added conductivity monitoring equipment to the outlet of the water circulation system, ensuring that discharged water met relevant conductivity requirements.

During the reporting period, CZBank was not involved in illegal discharge of pollutants.

Indicator	Unit	2022	2021	2020
Total office water consumption	ton	1,673,433.65	171,454.00	147,436.00
Water consumption per unit area	t/m ²	2.22	1.53	1.32
WUE of the data center	/	2.286	2.007	2.511

(V) Paper consumption

CZBank strove to reduce the consumption of paper and other resources in offices and operations. We advanced the digital reform of office management by promoting paperless, online and mobile offices. Over the year, 1.26 million of office processes were completed online, improving online office efficiency by 14%, and 45.2 tons of paper was saved, increasing paper efficiency by 27.27% year on year. Banking operations actively engaged in the Electronic Certificate Accounting Data Standardization Pilot Project. Accounting vouchers, bank receipts, bank statements, and bank deposit balance adjustment tables were digitalized, and paperless reimbursement and approval were promoted across the bank, increasing the paperless reimbursement rate to 73% (excluding documents with paper invoices). These paperless measures were supported by 97.5% of the employees.

Indicator	Unit	2022	2021	2020
Coverage of electronic credit card statements	/	100%	100%	100%
Paper saved by electronic credit card ¹⁸	ton	32.90	36.50	56.14
Paper saved by paperless offices	ton	45.20	38.51	34.28
Paper saved by the Electronic Certificate	ton	1.43	-	-
Paper saved by paperless reimbursement	ton	2.82	2.08	-

Note: 18. Paper bills: 4.3659 g/sheet, 229,047 sheets/t, the same below

Relevant Indicators

I. HKEX Environmental, Social and Governance Report Guide

Aspect, General Disclosure and KPI	Description	Section
A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Greenhouse gas emissions and energy consumption; Waste management
KPI A1.1	The types of emissions and respective emissions data.	Greenhouse gas emissions and energy consumption; Waste management
KPI A1.2	Greenhouse gas emissions in total (in tons) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Greenhouse gas emissions and energy consumption
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste management
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste management
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Greenhouse gas emissions and energy consumption
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Waste management
A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Jointly building a green community; Greenhouse gas emissions and energy consumption; Water resource management; Paper consumption
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kwh in '000s) and intensity (e.g. per unit of production volume, per facility).	Greenhouse gas emissions and energy consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water resource management
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Greenhouse gas emissions and energy consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	The company is a financial service provider and the indicator is thus not applicable.
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	The company is a financial service provider and the indicator is thus not applicable.
A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Developing green finance; Addressing climate change

KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Developing green finance; Addressing climate change
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A4: Climate Change

General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Developing green finance; Addressing climate change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Developing green finance; Addressing climate change

B1: Employment

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	External and internal recruitment; Diversity and equal opportunity
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	External and internal recruitment; Diversity and equal opportunity
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	External and internal recruitment; Diversity and equal opportunity

B2: Health and Safety

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Improving care for employees; Health and safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and safety
KPI B2.2	Lost days due to work injury.	Health and safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and safety

B3: Development and Training

General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Expanding employee development channels; Development and training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and training

B4: Labor Standards

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Labor standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Labor standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	There have been no cases of child labor or forced labor, thus this index is not applicable.

B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply chain management
KPI B5.1	Number of suppliers by geographical region.	Supply chain management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply chain management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply chain management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply chain management

B6: Product Responsibility

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product liability and consumer protection (health and safety, labelling and other indicators are not applicable as the company is a financial service provider)
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The company is a financial service provider and the indicator is thus not applicable.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product liability and consumer protection
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product liability and consumer protection
KPI B6.4	Description of quality assurance process and recall procedures.	The company is a financial service provider and the indicator is thus not applicable.
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Protecting customer privacy; Privacy protection and information security

B7: Anti-corruption

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Business ethics and anti-corruption; Product liability and consumer protection
KPI 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.	Business ethics and anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Business ethics and anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Business ethics and anti-corruption

B8: Community Investment

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Joint efforts with communities; Community investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Joint efforts with communities; Community investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community investment

II. TCFD Recommendations

TCFD Framework	Recommendations	Section
Governance: Disclose the organization's governance around climate-related risks and opportunities	Describe the board's oversight of climate-related risks and opportunities.	Board of Directors Statement; Actively addressing climate change
	Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Actively addressing climate change
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Board of Directors Statement; Actively addressing climate change
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario.	Actively addressing climate change
Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks.	Describe the organization's processes for identifying and assessing climate-related risks.	Actively addressing climate change
	Describe the organization's processes for managing climate-related risks.	
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Actively addressing climate change; Addressing climate change
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Greenhouse gas emissions and energy consumption
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Actively addressing climate change

III. GRI Standards for Sustainability Reporting

GRI Indicators	Interpretations	Section
GRI 1 Foundation 2021		
1 Foundation 2021	Reporting foundations, including publishing a GRI content index, providing a statement of use, etc.	GRI Standards for Sustainability Reporting
GRI 2 General Disclosures 2021		
The organization and its reporting practices		
2-1	Organizational details	About us
2-2	Entities included in the organization's sustainability reporting	Notice About Report Preparation
2-3	Reporting period, frequency and contact point	Notice About Report Preparation
2-4	Restatements of information	Notice About Report Preparation
2-5	External assurance	Independent Assurance Report
Activities and workers		
2-6	Activities, value chain and other business relationships	Serving Economy for the Benefit of People; Supply chain management
2-7	Employees	Growing with Employees
2-8	Workers who are not employees	Not Applicable
Governance		
2-9	Governance structure and composition	Corporate Governance; Organizational Structure
2-10	Nomination and selection of the highest governance body	Corporate Governance
2-11	Chair of the highest governance body	See the annual report
2-12	Role of the highest governance body in overseeing the management of impacts	Board of Directors Statement; Corporate Governance
2-13	Delegation of responsibility for managing impacts	Corporate Governance
2-14	Role of the highest governance body in sustainability reporting	Board of Directors Statement; Concept and Governance of Social Responsibility
2-15	Conflicts of interest	See the annual report
2-16	Communication of critical concerns	Communication with stakeholders
2-17	Collective knowledge of the highest governance body	Concept and Governance of Social Responsibility
2-18	Evaluation of the performance of the highest governance body	See the annual report
2-19	Remuneration policies	See the annual report
2-20	Process to determine remuneration	See the annual report
2-21	Annual total compensation ratio	See the annual report
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	III. Concept and Governance of Social Responsibility
2-23	Policy commitments	Concept and Governance of Social Responsibility
2-24	Embedding policy commitments	Concept and Governance of Social Responsibility

GRI Indicators	Interpretations	Section
2-25	Processes to remediate negative impacts	Risk control
2-26	Mechanisms for seeking advice and raising concerns	Risk control
2-27	Compliance with laws and regulations	Internal control and compliance management
2-28	Membership associations	Honors and Awards
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Communication with stakeholders
2-30	Collective bargaining agreements	Labor standards
GRI 3 Material Topics 2021		
3-1	Process to determine material topics	Materiality analysis
3-2	List of material topics	Materiality analysis
3-3	Management of material topics	Materiality analysis
GRI 201 Economic Performance 2016		
201-1	Direct economic value generated and distributed	Overview
201-2	Financial implications and other risks and opportunities due to climate change	Actively addressing climate change
201-3	Defined benefit plan obligations and other retirement plans	Improving care for employees
201-4	Financial assistance received from government	Undisclosed
GRI 202 Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Undisclosed
202-2	Proportion of senior management hired from the local community	Undisclosed
GRI 203 Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	CSR Topic; Serving Economy for the Benefit of People
203-2	Significant indirect economic impacts	CSR Topic; Serving Economy for the Benefit of People
GRI 204 Procurement Practices 2016		
204-1	Procurement Practices	Supply chain management
GRI 205 Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Business ethics and anti-corruption
205-2	Communication and training about anti-corruption policies and procedures	Business ethics and anti-corruption
205-3	Confirmed incidents of corruption and actions taken	Business ethics and anti-corruption
GRI 206 Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Anti-unfair competition
GRI 207 Tax 2019		
207-1	Approach to tax	See the annual report

GRI Indicators	Interpretations	Section
207-2	Tax governance, control, and risk management	See the annual report
207-3	Stakeholder engagement and management of concerns related to tax	See the annual report
207-4	Country-by-country reporting	See the annual report
GRI 301 Materials 2016		
301-1	Materials used by weight or volume	Waste Management; Water resource management; Paper consumption
301-2	Recycled input materials used	Waste Management; Water resource management; Paper consumption
301-3	Reclaimed products and their packaging materials	Not Applicable
GRI 302 Energy 2016		
302-1	Energy consumption within the organization	Greenhouse Gas Emissions and Energy Consumption
302-2	Energy consumption outside of the organization	Greenhouse Gas Emissions and Energy Consumption
302-3	Energy intensity	Greenhouse Gas Emissions and Energy Consumption
302-4	Reduction of energy consumption	Greenhouse Gas Emissions and Energy Consumption
302-5	Reductions in energy requirements of products and services	Addressing climate change; Greenhouse Gas Emissions and Energy Consumption
GRI 303 Water and Effluents 2018		
303-1	Interactions with water as a shared resource	Water resource management
303-2	Management of water discharge-related impacts	Water resource management
303-3	Water withdrawal	Not Applicable
303-4	Water discharge	Water resource management
303-5	Water consumption	Water resource management
GRI 304 Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	No relevant operation points
304-2	Significant impacts of activities, products and services on biodiversity	No significant impact
304-3	Habitats protected or restored	No relevant operation points
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	No relevant operation points
GRI 305 Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Greenhouse Gas Emissions and Energy Consumption
305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse Gas Emissions and Energy Consumption
305-3	Other indirect (Scope 3) GHG emissions	Undisclosed
305-4	GHG emissions intensity Emissions	Greenhouse Gas Emissions and Energy Consumption
305-5	Reduction of GHG emissions	Undisclosed

GRI Indicators	Interpretations	Section
305-6	Emissions of ozone-depleting substances (ODS)	Undisclosed
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Undisclosed
GRI 306 Waste 2020		
306-1	Waste generation and significant waste-related impacts	Waste Management
306-2	Management of significant waste-related impacts	Waste Management
306-3	Waste generated	Waste Management
306-4	Waste diverted from disposal	Waste Management
306-5	Waste directed to disposal	Waste Management
GRI 308 Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	Supply chain management
308-2	Negative environmental impacts in the supply chain and actions taken	Supply chain management
GRI 401 Employment 2016		
401-1	New employee hires and employee turnover	External and Internal Recruitment
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Labor standards
401-3	Parental leave	External and Internal Recruitment
GRI 402 Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	Undisclosed
GRI 403 Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation	Health and safety
403-3	Occupational health services	Health and Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Health and Safety
403-5	Worker training on occupational health and safety	Health and Safety
403-6	Promotion of worker health	Health and Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	The company is a financial service provider and the indicator is thus not applicable
403-8	Workers covered by an occupational health and safety management system	Health and Safety
403-9	Work-related injuries	Health and Safety
403-10	Work-related ill health	Health and Safety
GRI 404 Training and Education 2016		
404-1	Average hours of training per year per employee	Development and training
404-2	Programs for upgrading employee skills and transition assistance programs	Development and training
404-3	Percentage of employees receiving regular performance and career development reviews	Undisclosed

GRI Indicators	Interpretations	Section
GRI 405 Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Corporate governance, Diversity and equal opportunity
405-2	Ratio of basic salary and remuneration of women to men	Undisclosed
GRI 406 Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Not happened
GRI 407 Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not Applicable
GRI 408 Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	Not happened
GRI 409 Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not happened
GRI 410 Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	Not Applicable
GRI 411 Rights of Indigenous Peoples 2016		
411-1	Incidents of violations involving rights of indigenous peoples	Not Applicable
GRI 413 Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Not Applicable
413-2	Operations with significant actual and potential negative impacts on local communities	Not Applicable
GRI 414 Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Supply chain management
414-2	Negative social impacts in the supply chain and actions taken	Supply chain management
GRI 415 Public Policy 2016		
415-1	Political contributions	Not Applicable
GRI 416 Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Product liability and consumer protection
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not Applicable
GRI 417 Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	Product liability and consumer protection
417-2	Incidents of non-compliance concerning product and service information and labeling	Not happened
417-3	Incidents of non-compliance concerning marketing communications	Not happened
GRI 418 Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Privacy protection and information security

Independent Assurance Report



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Independent accountant's assurance report

安永华明（2023）专字第60719320_A01号
China Zheshang Bank Co., Ltd

To the Board of Directors of China Zheshang Bank Company Limited

Scope

We have been engaged by China Zheshang Bank Company Limited (the "Bank") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the Bank's identified subject matter in the 2022 Social Responsibility Report (the "Subject Matter") as of 31 December 2022 and for the year ended 31 December 2022.

Subject matter

- Green loan balance (RMB 100 million)
- Large agricultural loan balance (RMB 100 million)
- Balance of loans to MSEs (RMB 100 million)
- Customer satisfaction rate of the 95527 hotline service (%)
- "One Bank for One School" program (number of schools)
- Donations (RMB 10 thousand)
- Percentage of female employees (%)
- Training time per employee (hour)
- Total office power consumption (Head Office) (MWh)
- Rate of e-banking substitution (%)

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the 2022 Social Responsibility Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by the Bank

In preparing the Subject Matter, the Bank applied the criteria which is set out in the "Preparation basis" within the "Notice About Report Preparation" and "Basis of Key Data Compilation" of 2022 Social Responsibility Report.





Independent accountant's assurance report

安永华明（2023）专字第60719320_A01号
China Zheshang Bank Co., Ltd

The Bank's responsibilities

The Bank's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

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

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

Our independence and quality control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.





Independent accountant's assurance report

安永华明（2023）专字第60719320_A01号
China Zheshang Bank Co., Ltd

Description of Procedures performed

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

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter in the Social Responsibility Report and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- 1) Conducted interviews with personnel to understand the business and reporting process of the selected data during the reporting period;
- 2) Undertook analytical review procedures;
- 3) Tested, on a sample basis, underlying source information;
- 4) Recalculation.

We also performed such other procedures as we considered necessary in the circumstances.





Independent accountant's assurance report

安永华明（2023）专字第60719320_A01号
China Zheshang Bank Co., Ltd

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the subject matter as of 31 December 2022 and for the year then ended 31 December 2022 in the 2022 Social Responsibility Report, in order for it to be in accordance with the Criteria.

Restricted use

This report is intended solely for the information and use of the Bank and is not intended to be and should not be used by anyone other than those specified parties. We do not assume responsibility towards or accept liability to any other person for the content of this report.



Key Data Compilation Basis

Green loan balance (RMB 100 million):

The green loan balance disclosed in the social responsibility report of Zheshang Bank refers to the green loan balance of Zheshang Bank in accordance with the Notice of the People's Bank of China on Revising the Special Statistical System for Green Loans (Yinfa [2019] No. 326), the Implementation Outline of Green Finance Construction of Zheshang Bank (Zheshang Yinfa [2018] No. 136) and the Administrative Measures for the Identification of Green Financing of Zheshang Bank (2020 Edition) during the reporting period.

Large agricultural loan balance (RMB 100 million):

The large agricultural loan balance disclosed in the social responsibility report of Zheshang Bank refers to the balance of large agricultural loan which was in accordance with the People's Bank of China Notice of the People's Bank of China China Banking Regulatory Commission on the Establishment of the Special Statistical System for Agriculture-related Loans (Yinfa [2007] No. 246) during the reporting period. Agricultural loans include loans to rural enterprises and various organizations, agricultural loans to urban enterprises and various organizations, loans to rural households, and loans to non-farm households for personal agriculture, forestry, animal husbandry and fishery.

Balance of loans to SMEs (RMB 100 million):

The balance of loans to SMEs disclosed in the social responsibility report of Zheshang Bank refers to loans balance during the reporting period in accordance with the *Notice by the China Banking and Insurance Regulatory Commission on Further Promoting High-quality Development of Financial Services for Micro and Small-sized Enterprises* (CBIRC [2021] No.49), and the *Notice on Printing and Distributing Standards for Small and Medium-sized Enterprises* (MIIT Joint Enterprise [2011] No.300) issued by the Ministry of Industry and Information Technology, the National Bureau of Statistics, the National Development and Reform Commission and the Ministry of Finance. Loans to SMEs include small and micro enterprise loans, individual business loans and small and micro business owner loans.

Customer satisfaction rate of the 95527 hotline service (%):

The customer satisfaction rate of the 95527 hotline service disclosed in the social responsibility report of Zheshang Bank refers to the percentage of the total number of "very satisfied and satisfactory" entries in the satisfaction evaluation survey of the agent system of Zheshang Customer Service Center during the reporting period. The

customer satisfaction rate of the 95527 hotline service = the amount of very satisfied and satisfied entries / the amount of participation x 100%.

"One Bank for One School" program (number of schools):

The "One Bank for One School" program disclosed in the social responsibility report of Zheshang Bank refers to the number of rural primary schools that Zheshang bank donated money to.

Donations (RMB 10 thousand):

The donations disclosed in the social responsibility report of Zheshang Bank refers to the total amount of donations by Zheshang Bank during the reporting period. Donation areas include education and culture, health and hygiene, disaster relief, and vulnerable groups. Donation expenses need to be included in the donation invoice that meets the requirements of the *Announcement on Pre-tax Deduction of Public Welfare Donations* (Ministry of Finance, State Administration of Taxation, Ministry of Civil Affairs Announcement No. 27, 2020).

Percentage of female employees (%):

The percentage of female employees disclosed in the social responsibility report of Zheshang Bank refers to the proportion of female employees in the total number of employees of Zheshang Bank during the reporting period. Percentage of female employees = number of female employees / total number of employees x 100%. The gender of the employees is determined based on the employee's official identification document.

Training time per employee (hour):

The training time per employee disclosed in the social responsibility report of Zheshang Bank refers to the total number of hours of training activities held by the head office and branches of Zheshang Bank divided by the total number of employees of the Bank during the reporting period. The training time per employee = the total number of hours of training activities held by the head office and branches of Zheshang Bank / total number of employees of Zheshang Bank x 100%. Training activities include online and offline trainings held by Zheshang Bank.

Total office power consumption (Head Office) (MWh):

The total office power consumption disclosed in the social responsibility report of Zheshang Bank refers to the electricity consumption of the four buildings of the head office of Zheshang Bank during the reporting period, including Qingchun Road Building, Yan'an Road Building, West Huancheng Road Building, and Scientific Research

Center, of which the scientific research center includes office buildings and data centers. Zheshang Bank compiles the electricity consumption of the whole year by aggregating the electricity purchase invoices of the four buildings of the head office and the electricity consumption data of the State Grid APP.

Rate of e-banking substitution (%):

The rate of e-banking substitution disclosed in Zheshang Bank's social responsibility report refers to the proportion of e-banking channel transactions to the total number of transactions during the reporting period. The rate of e-banking substitution = the total number of e-banking channel transactions / the total number of transactions x 100%. Electronic banking refers to the banking services provided to customers through the construction of financial technology platforms, using smart terminal devices such as computers, smart phones and the Internet, as well as the Bank's dedicated network established by specific self-service facilities or customers, including Internet banking, mobile banking, telephone banking, SMS banking, online business hall, ATM, Intelligent teller machine etc. Zheshang Bank carry out this work in accordance with the *Administrative Measures for Electronic Banking* (China Banking Regulatory Commission Order (2006) No. 5), the *Measures for the Administration of RMB Settlement Accounts* (People's Bank of China Order (2003) No. 5), the *Payment and Settlement Measures* (Yinfa (1997) No. 393), and the *General Specifications for Information Security in Online Banking Systems* (Yinfa (2012) No. 121).

Feedback From Readers

Dear readers:

Thank you for reading the CZBank 2022 Corporate Social Responsibility Report. We value and look forward to hearing your feedback on CZBank's social responsibility management, practices and report. Your comments and suggestions are an important basis for us to continue to promote CSR management and practice. We are looking forward to your reply.

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

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

Yes. ☐ Maybe ☐ No ☐

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

Yes. ☐ Maybe ☐ No ☐

3. Do you think the report provides sufficient information?

Yes. ☐ Maybe ☐ No ☐

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

Yes. ☐ Maybe ☐ No ☐

Open-ended question

Do you have any other comments and suggestions on the CZBank 2022 Corporate Social Responsibility Report?

Please feedback your comments and suggestions in the following ways:

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