



威海市商业银行
WEIHAI CITY COMMERCIAL BANK

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

Stock Short Name: Weihai Bank Stock Code: 9677

2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



CONTENTS



2	About the Report	7	2. Sustainable Development Strategies
4	1. About the Bank	7	2.1 Statement from the Board
4	1.1 Company Profile	7	2.2 ESG Management Structure
4	1.2 Awards and Honors	10	2.3 Communication with Stakeholders
		11	2.4 Materiality Assessment

ENVIRONMENTAL



13	3. Green Concept Practice
13	3.1 Promoting Green Finance
18	3.2 Green and Low-carbon Operations
23	3.3 Tackling Climate Risks

SOCIAL



25	4. Supporting the Real Economy	36	6. Performing Social Responsibility
25	4.1 Carrying out Inclusive Finance	36	6.1 Supporting Social Welfare
26	4.2 Innovative Intelligent Finance	37	6.2 Popularizing Financial Knowledge
27	4.3 Innovative Online Finance	39	7. Caring for Employee Well-being
29	5. Prioritizing Quality Service	39	7.1 Protecting Employees' Rights and Interests
29	5.1 Improving Service Quality	41	7.2 Focusing on Employee Training
32	5.2 Protecting Customers' Privacy	43	7.3 Ensuring Employee Health
34	5.3 Protecting Consumer Rights		

GOVERNANCE



45	8. Compliant Operation and Risk Management
45	8.1 Enhancing Corporate Governance
46	8.2 Stringent Risk Management
48	8.3 Operating with Integrity and Compliance
51	8.4 Supplier Management

52	Appendix I: KPI Data Table
57	Appendix II: HKEX ESG Reporting Guide Index



ABOUT THE REPORT

Weihai City Commercial Bank Co., Ltd. (“Weihai City Commercial Bank” or the “Bank”) is pleased to release its third environmental, social and governance report (the “Report”) to disclose on the Bank’s environmental, social and governance (“ESG”) philosophy, strategy and performance in relation to corporate social responsibility and sustainable development.

REPORTING SCOPE

Unless otherwise provided, this Report covers the head office, subsidiaries and branches of Weihai City Commercial Bank. The environmental key performance indicator (“KPI”) data covers the head office of the Bank. The Report covers the same time frame as the Bank’s 2022 Annual Report, spanning from January 1, 2022 to December 31, 2022 (the “Reporting Period”).

REPORTING STANDARD

This Report is compiled in accordance with the Environmental, Social and Governance (“ESG”) Reporting Guide (the “ESG Reporting Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange” or the “HKEX”). The Report complies with the provisions of “Comply or Explain” under the ESG Reporting Guide and the four reporting principles (materiality, quantitative, balance and consistency).

Materiality	The Bank has identified and disclosed in this Report the process and criteria for selecting material ESG factors, the description of material stakeholders as well as the process and results of stakeholder engagement.
Quantitative	The statistical criteria, methods, assumptions and/or calculation tools used for reporting emissions/energy consumption (where applicable) in this Report and the sources of conversion factors are described in the Report.
Balance	This Report provides an unbiased account of the Bank’s performance for the Reporting Period and prevents the selection, omission or form of reporting that might unduly affects the reader’s decision-making or judgment.
Consistency	The statistical methods adopted for data disclosure in this Report are consistent as the last year. Changes, if any, will be clearly illustrated in the Report.

About the Report

REPORTING LANGUAGE

This Report is available in two languages, Chinese and English. Should there be any inconsistency, the Chinese version shall prevail.

REPORT APPROVAL

This Report was reviewed and approved by the board of directors (the “Board”) of our Bank on March 30, 2023 for release.

REPORT RELEASE

A soft copy of the Report is published on the official website of Weihai City Commercial Bank (www.whccb.com) and on the HKEX news of the Hong Kong Stock Exchange (www.hkexnews.hk).

REPORT FEEDBACK

The Bank highly values your feedback on this Report. Should you have any questions or suggestions, please contact the Bank through the following channels:

Address: No. 9 Baoquan Road, Weihai City, Shandong Province, the PRC

E-mail: whccb@whccb.com

Tel: (86) 631-5236187

1. ABOUT THE BANK

1.1 COMPANY PROFILE

Since its establishment in 1997, the Bank has remained committed to its original aspiration and mission of serving the real economy, its market position of “Serving Local Economy, SMEs and Urban and Rural Residents”, its service concept of “Keeping Your Company with Sincerity”, its persistence in reform and innovation, development and transcendence, as well as a development path with its unique characteristics. Currently, the Bank has 126 branches in Jinan, Tianjin, Qingdao and other locations, taking the lead with its outlets “Covering the Entire Province” among the local corporate banks in Shandong Province. In 2016, the Bank became the first in the financial institutions of Shandong Province to initiate and set up a financial leasing company, which represented a substantial step in integrated operation. On October 12, 2020, the Bank was successfully listed on the Main Board of the Hong Kong Stock Exchange. In 2021, the Bank formally adopted the “Equator Principle (赤道原則)” and became the first “Equator Bank (赤道銀行)” in Shandong Province, making a new breakthrough in terms of green finance.

1.2 AWARDS AND HONORS

Leveraging on its quality service and good performance, the Bank has gained high evaluation and extensive acclaim from all walks of life. The Bank has been awarded the “Top 10 City Commercial Banks in China” in the Golden Medal List of Chinese Financial Institutions · Golden Dragon Award (中國金融機構金牌榜·金龍獎“全國十佳城市商業銀行”) and “Leader” in the Corporate Standards of Banking Outlet Services in China for consecutive years, and has successively won the titles of “Best Special Bank in China”, “Best Retail Bank in China”, “Best Financial Service Institution for Small and Medium Enterprises in China”, “Demonstration Unit for Corporate Culture Construction in China’s Financial Industry”, “Socially Responsible Enterprise of Shandong”, “First Batch of A-Grade Taxpaying Financial Institutions in Shandong Province”, “Outstanding Enterprise in Management and Innovation in Shandong Province” and “Top 10 Mobile Banking Innovation in China”, etc., with its brand reputation and social influence having been significantly enhanced.



1. About the Bank

1.2 AWARDS AND HONORS (CONT'D)

Major Awards and Honors Received by the Bank during the Year:

Awarding Agency 	Awards and Honors 
8 departments including the State Administration for Market Regulation, the Ministry of Finance and the People's Bank of China	"Leader" in the Corporate Standards of Banking Outlet Services
The "Banker" magazine of China	Top 10 Mobile Banking Innovation Awards
The "Banker" magazine of China	Top 10 Retail Banking Financial Innovation Awards
City Commercial Banks Clearing Co., Ltd.	Excellent Case Award for Marketing Innovation, and Excellent Case Award for Financial Technology Innovation
Research Association of Ideological and Political Work of China Financial Institutions	Excellent Unit of Financial System Culture Construction from 2021 to 2022
China Academy of Information and Communications Technology	2022 Big Data "Star River" Case – Database Benchmark Case Award
Shandong Province Local Financial Supervision and Administration Bureau	"Excellent Entity" in the evaluation of financial counseling work in the first half of 2022
State Administration of Foreign Exchange, Weihai Central Sub-branch	"Grade A" in the compliance and prudent operation of foreign exchange business of banks in 2022

1. About the Bank

Awarding Agency	Awards and Honors
51 Job	Outstanding Award of Human Resource Management in 2022
Work Committee for Municipal Organs of CPC Weihai Municipal Committee	"Pioneer Leading and Party Flag Flying" Innovation Case of Party Branch – Best Case at the Municipal Level
Weihai Women's Federation	Weihai Women's Civilization Post in 2022
Office of Network Security and Informatization Committee of Weihai Municipal Committee of CPC, Weihai Human Resources and Social Security Bureau, Weihai Federation of Trade Unions, and Weihai Municipal Committee of Communist Youth League	Group Second Prize of Weihai Cyber Security Competition
People's Bank of China, Dezhou Central Branch	Second Prize of Business Skills of "Developing Green Finance and Promoting Low-Carbon Transformation" in Dezhou



2. SUSTAINABLE DEVELOPMENT STRATEGIES



In order to ensure the effective implementation of ESG policies, the Bank is strengthening its overall ESG management to promote the sustainable development. Meantime, the Bank maintained a close communication with stakeholders through various channels, with a view to understanding their needs and expectations and guiding the direction of future governance.

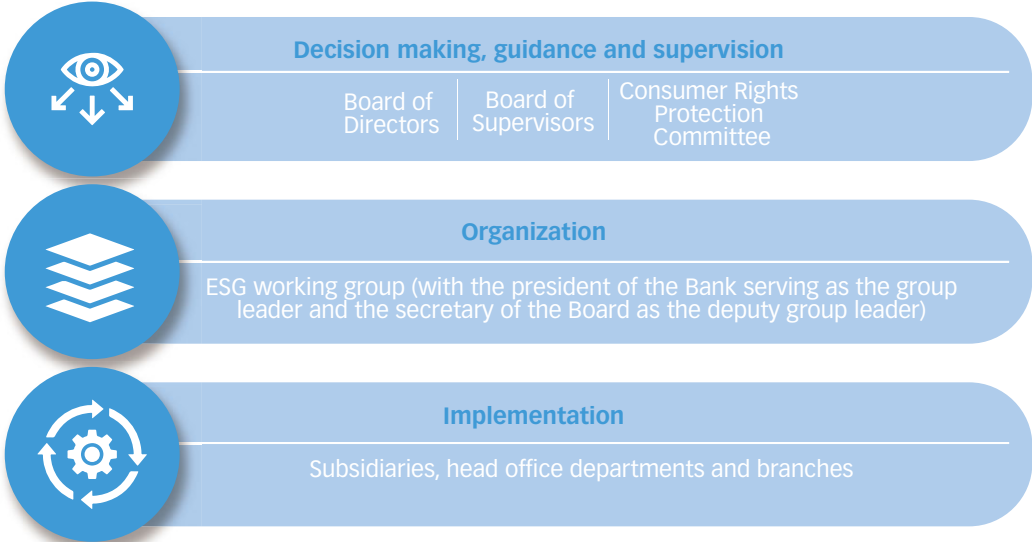
2.1 STATEMENT FROM THE BOARD

To strengthen its management of sustainable development, the Bank has established an ESG management framework headed by the Board to implement ESG-related policies and measures. The Board regularly discusses, reviews and examines the Bank’s ESG management policies, strategies, goals and performance, and reviews issues relating to the sustainable development of the Bank. The Board has authorized to establish an ESG working group to oversee and drive the implementation of various ESG issues. The Board assumes full responsibility as to the ESG strategies and reports, and is responsible for considering and approving material ESG issues of the Bank, regularly assessing ESG-related risks and opportunities and supervising the ESG performance. The Bank has set directional goals related to the environment and will conduct progress reviews to constantly improve the sustainable development of its businesses.

2.2 ESG MANAGEMENT STRUCTURE

The Bank has established an ESG management structure, which clearly sets out the responsibilities of all levels within the management structure, integrated the ESG concept into the management principles, strategies, business plans and policies of the Bank, and actively fulfilled corporate social responsibilities. The ESG management structure covers all levels of decision-making, guidance and supervision, organization and execution bodies across the Bank, and sets out the detailed ESG responsibilities of each level of the management structure. The ESG management structure ensures the Bank to implement ESG strategies, objectives and work in the course of the continuous operations and daily businesses.

ESG Management Structure



2. Sustainable Development Strategies

2.2 ESG MANAGEMENT STRUCTURE (CONT'D)

Decision-making, Guidance and Supervision

The Board, as the highest decision-making body in the Bank's ESG management structure, is responsible for formulating the Bank's strategic planning and institutional policies on ESG, ensuring effective implementation of relevant policies and assuming full responsibility for relevant policies and reporting.

Principal Responsibilities of the Board

- Reviewing and approving the Bank's ESG management guidelines, strategies, plans, objectives and annual work, including assessment, prioritization and management of material ESG matters, risks and opportunities;
- Authorizing the Consumer Rights Protection Committee to carry out ESG-related work and establishing the Bank's ESG risk management and internal monitoring system, with such implementation supervised by the Board;
- Regularly reviewing ESG performance and the progress in achieving related objectives.

Principal Responsibilities of the Board of Supervisors

- Overseeing the ESG management policies, strategies, plans, objectives and annual work;
- Overseeing the ESG risk management and internal control system;
- Overseeing the implementation of ESG-related policies and work by subsidiaries, head office departments and branches.

Principal Responsibilities of the Consumer Rights Protection Committee

- Reporting the ESG strategy and progress and annual ESG reports to the Board;
- Guiding the ESG working group to carry out relevant work;
- Giving opinions on the Bank's ESG risk management and internal monitoring system.

2. Sustainable Development Strategies

2.2 ESG MANAGEMENT STRUCTURE (CONT'D)

Organization

Under the leadership of the Board, the senior management has set up an ESG working group, with the president of the Bank as the group leader and the secretary of the Board as the deputy group leader. The group consists of heads of relevant head office departments. The Service Supervision Department (i.e., the office of the Consumer Rights Protection Committee of the Board) has set up the office, which is responsible for organizing and coordinating the Bank's ESG work.

Principal Responsibilities of the ESG Working Group

- Identifying, assessing, reviewing and managing material ESG risks, opportunities and related matters;
- Preparing ESG management policies, strategies, plans, annual work and objectives for approval by the Board;
- Continuously tracking and reviewing ESG-related performance and progress in achieving the objectives;
- Regularly reporting to the Board via the Consumer Rights Protection Committee (through meetings or in written form).

Implementation

Principal Responsibilities of Subsidiaries, Head Office Departments and Branches






- Organizing, promoting and implementing ESG-related work in line with the deployment, requirements and work division of the Bank's ESG management policies, strategies, plans, annual work and objectives;
- Collecting and reporting ESG-related internal policies, systems and performance indicators;
- Complying with ESG-related policies and systems;
- Regularly reporting to the ESG working group (through meetings or in written form).

2. Sustainable Development Strategies






2.3 COMMUNICATION WITH STAKEHOLDERS

The Bank attaches great importance to the communication with stakeholders, and therefore maintains close and smooth communication with them. The Bank employs a variety of channels to understand their expectations and requirements, which serve as an important reference in the fulfillment of the Bank's social responsibilities and promote its performance of sustainable development.

Stakeholders	Means of Communication	Frequency of Communication
 Regulators	<ul style="list-style-type: none"> • Meetings • Regulatory policies • Work reports 	<ul style="list-style-type: none"> • Irregular
 Shareholders/Investors	<ul style="list-style-type: none"> • Annual general meetings and other general meetings • Interim reports and annual reports • Corporate communication • Results announcements 	<ul style="list-style-type: none"> • Regular
 Customers	<ul style="list-style-type: none"> • Customer satisfaction surveys and feedback forms • Customer service/consultation • Visits by customer managers • Daily operations/communication • Online service platform • Phone calls • Email 	<ul style="list-style-type: none"> • Irregular
 Employees	<ul style="list-style-type: none"> • Performance evaluation • Meetings and interviews • Staff intranet 	<ul style="list-style-type: none"> • Regular • Irregular • Irregular
 Suppliers	<ul style="list-style-type: none"> • Meetings • Site visits 	<ul style="list-style-type: none"> • Irregular

2. Sustainable Development Strategies

2.3 COMMUNICATION WITH STAKEHOLDERS (CONT'D)

Stakeholders	Means of Communication	Frequency of Communication
 Business partners	<ul style="list-style-type: none"> Cooperation projects 	<ul style="list-style-type: none"> Irregular
 Communities/Non-governmental organizations	<ul style="list-style-type: none"> Volunteer activities Community activities 	<ul style="list-style-type: none"> Irregular
 Media	<ul style="list-style-type: none"> Press release 	<ul style="list-style-type: none"> Irregular

2.4 MATERIALITY ASSESSMENT

The Bank identified ESG issues based on the needs of stakeholders and its own strategic priorities, and assessed the importance of ESG issues and determined material issues with full consideration of the views of the Bank’s management and stakeholders.

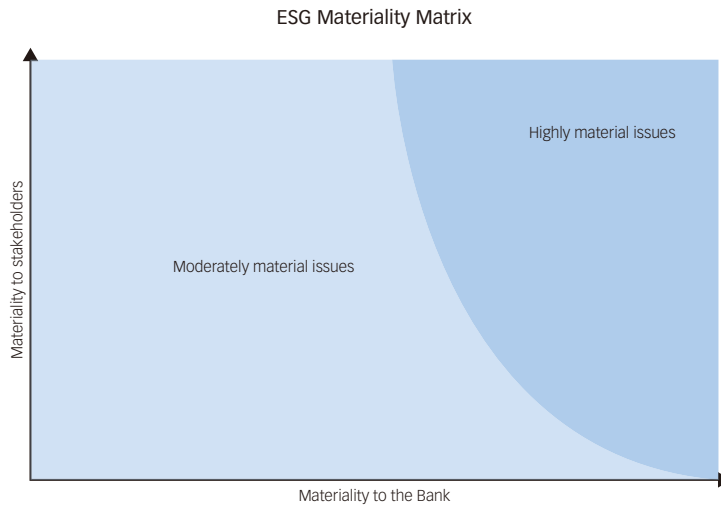
In the previous year, the Bank identified potentially material ESG issues and conducted an online questionnaire survey with reference to the ESG Reporting Guide of the Hong Kong Stock Exchange and the materiality map of the Sustainability Accounting Standards Board (“SASB”) as well as based on the business development direction and operations of the Bank. 21 material issues were finally determined by the Bank after analysis.

During this year, in light of the latest policies and guidelines of the State and the China Banking and Insurance Regulatory Commission on green finance and green and low-carbon development of the banking sector, and taking into account the views of stakeholders, business and operating environment of the Bank, we re-ranked the priority issues of importance, and finally came up with 11 highly material issues and 10 moderately material issues. The Bank updates the development of green finance, green operation, development of inclusive finance, innovative financial products and services, and response to climate change as highly material issues, and formulates corresponding strategies and measures to respond to the Bank’s emphasis on green finance and green low-carbon development. The materiality matrix results in this year have been confirmed by the Board. The Bank disclosed these issues with different emphasis in this report based on their materiality, and adopted such issues as important considerations when formulating ESG policies and strategies.

2. Sustainable Development Strategies

2.4 MATERIALITY ASSESSMENT (CONT'D)

The results of the ESG materiality matrix identified by the Bank in 2022 are as follows:



Highly material issues	Moderately material issues
Development of green finance	Business ethics
Green operation	Compliance with labor standards
Development of inclusive finance	Employee development and training
Innovative financial products and services	Financial knowledge popularization
Response to climate change	Employee health and safety
Customer privacy protection	Standardized marketing and publicity
Protection of employees' rights and interests	Intellectual property protection
Service quality assurance	Social welfare of communities
Handling of customer opinions	Sustainable supply chain management
Sound risk management	Greater interbank cooperation
Compliant operation	

3. GREEN CONCEPT PRACTICE

The Bank strictly follows the national strategic direction to capture for green finance development and help achieve the national goal of “carbon neutrality and carbon peak”. In order to fulfill its social responsibilities and perform the concept of sustainable development, the Bank maintained the balance between the development of green finance business and the risk control, reasonably assessed the environmental risks of its businesses, and improved the financial support for green industries.



3.1 PROMOTING GREEN FINANCE

With the establishment of a multi-level and all-round green product system, the Bank actively explored innovations in green finance products and models, and exerted sustained efforts to intensify green finance services covering the development of green credit business, green bond issuance and investment and green finance product innovation. The Bank continued to expand the coverage of green finance with focus on green industrial policies, and supported the green, low-carbon and high-quality development based on the local economic characteristics of Shandong Province.

The Board and senior management of the Bank attach great importance to the development of green finance. Taking green finance business as an important strategic development direction, the Bank promoted its construction of green finance system and financial service capabilities featuring “Four Guidances” and “Three Expansions”.

Promoting the construction of green finance system relying on “Four Guidances”



The Bank has explicitly written its support for green credit development into its Articles of Association, incorporated green finance into its 14th Five-Year Plan development strategy, boosted green finance building from a strategic perspective, and unswervingly advanced the green finance development strategy with “value leading concept, innovation leading brand, technology leading efficiency, and high-end leading transformation” as the core. Meanwhile, centering on the target of “carbon peak and carbon neutrality” while combining with the green finance development practice, the Bank has formulated the “Implementation Plan of Green Finance Development” (《綠色金融發展實施方案》), defined the specific development ideas, overall targets and advancement measures, made great efforts to give full play to the advantages of “Equator Bank”, and built a leading brand of “transformation” green finance in all directions.

3. Green Concept Practice

3.1 PROMOTING GREEN FINANCE (CONT'D)

Promoting the construction of green finance system relying on “Four Guidances” (cont'd)



2. System Guidance

The Bank has established a four-level green financial organization leadership structure of “Board of Directors – Senior Executives – Head Office – Branch”, in which the Board of Directors takes responsibility for reviewing, approving and determining the development strategies and objectives of green finance, and for coordinating and leading the development directions of green finance of the Bank. In the meantime, the Bank has set up a green finance leading group with the president as the team leader, the leader in charge as the team deputy leader, and 9 departments including the Credit Approval Department, the Corporate Banking Department and the Financial Market Department as the team members, aiming at coordinating the overall resources of the Bank, taking the lead in formulating green finance strategies and objective execution measures, promoting and managing the development of green finance business, as well as boosting the green finance work with high standards, high quality and high efficiency. At the head office level, the Corporate Banking Department has set up a green finance center to be specifically responsible for the marketing and expansion of green finance business, and make overall arrangements for green finance industry research, policy formulation, product and service research and development; and the Credit Approval Department has set up a professional approval team for green finance to open a green approval channel and accelerate the landing of green finance business. At the branch level, each branch has set up a position of green finance specialist to be responsible for marketing management of green finance within its jurisdiction, as well as constantly promote business and boost quality and efficiency and comprehensive service capabilities by strengthening the linkage between head office and branch offices and the linear collaboration.



3. Policy Guidance

The Bank has penetrated the concepts, standards and methods of green finance into the whole process of green credit management, continuously improved the statistical system of green bonds and green loans and the green credit management methods, clarified the identification standards and judgment processes of green finance identification, constantly intensified the priority to the credit resources for green projects, reduced the allocation ratio of high-carbon assets, and continuously improved the long-term development mechanism of green credit. In terms of marketing guidance, the Bank issued the Marketing Guidelines on Green Finance Business (《綠色金融業務營銷指引》), the Marketing Guidelines on Carbon Neutrality Business (《碳中和業務營銷指引》), the Operational Guidelines on Pledge Financing of Environmental Equity (《環境權益質押融資作業指導書》) to regulate the business development. In terms of process management, the Bank issued the Management Measures on Green Credit (《綠色信貸管理辦法》) to standardize business operations. In terms of data statistics, the Bank issued the Management Measures on Special Statistics of Green Loans (《綠色貸款專項統計管理辦法》) to standardize business statistics.

3. Green Concept Practice

3.1 PROMOTING GREEN FINANCE (CONT'D)

Promoting the construction of green finance system relying on "Four Guidances" (cont'd)



The Bank formally adopted the "Equator Principles" on December 17, 2021, and became the first "Equator Bank" in Shandong Province and the ninth in China. According to the requirements of the Equator Principles, the Bank implemented strict system requirements for applicable financing projects, exercised due diligence in verifying environmental and social issues in financing projects, assessed and managed the environmental and social risks in financing projects, and consistently applied relevant concepts and standards in reviewing environmental and social risks of other businesses. As an important part of our green finance strategy, the adoption of the Equator Principles marks a new breakthrough in our green finance and showcases our performance of responsibilities as a listed bank.

Effectively enhancing green finance service capabilities through "Three Expansions"



The Bank continued to improve its green product and service system, actively explored innovations in green finance, and increased the scale and proportion of its green credit business. The Bank released the Marketing Guidelines on Green Finance Business (《綠色金融業務營銷指引》) to provide more targeted marketing guidance for branches and intensified the marketing and support for key areas and customers. As of the end of 2022, the Bank's balance of green loan amounted to RMB **15.951** billion, representing an increase of **26.39%** over that as at the beginning of the year, and the number of green loan accounts was **419**, representing an increase of **56.93%** over that as at the beginning of the year.



The Bank continued to strengthen its marketing, focused on green industrial policies, and provided financing support for various green industries and projects. In line with the economic characteristics of Shandong Province, the Bank prioritized its support for the marine economy to promote the development of marine industry and enterprises. Meantime, the Bank continued to increase support for high-end equipment manufacturing industry, pay attention to the capital needs of customers in new energies such as wind power and photovoltaic power generation, and supported the transformation and upgrading of traditional competitive industries to provide financial support for the low-carbon transformation of existing high carbon emission industries.

3. Green Concept Practice

3.1 PROMOTING GREEN FINANCE (CONT'D)

Effectively enhancing green finance service capabilities through “Three Expansions” (cont’d)



The Bank has actively implemented the green finance and dual-carbon strategic orientation, continuously intensified the innovation in green credit, constantly explored new models of green finance development, formed a green finance product system covering green industry, marine economy, environmental rights and interests as well as carbon and emission reduction, and successively launched characteristic products such as “Photovoltaic Loan”, “Forestry Carbon Sink Expected Yield Right Pledge Loan”, “Marine Carbon Sink Yield Right Pledge Loan”, “Carbon Emission Right Pledge Loan”, and “Sustainable Development Linked Loan” to fully boost green, low-carbon and sustainable development.

The Bank will adhere to the development strategy of green finance, define 2023 as the year of green generation, formulate the business transformation target plan during the 14th Five-Year Plan period, further refine the business development plan and growth targets, and strive to create a “benchmark bank of green finance”.

Implementation status of the Equator Principles

As an internationally recognized industry standard for project financing, the Equator Principles aims to advocate financial institutions to exercise their prudent verification obligations towards environmental and social issues in project financing by judging, evaluating and managing the involved environmental and social risks.

Since formal adoption of the Equator Principles, the Bank has exercised its prudent verification obligations towards environmental and social issues in project financing, assessed and managed the involved environmental and social risks, as well as consistently applied ESG concepts and standards to the environmental and social risk audit of its business, effectively reducing environmental and social risks in the production process of enterprise and project, promoting cooperation between the Bank and the borrowers to build ecological civilization and realizing green and sustainable development of local traditional industries.

In terms of environmental and social risk management, the Bank has proceeded to strengthen the applicability judgment of the Equator Principles to its key projects, and made efforts to improve its own project financing environment and social risk management capabilities by means of project identification and applicability judgment.

In terms of operational guarantee, the “Interim Measures for Project Financing Management Applying the Equator Principles” (《適用赤道原則項目融資管理暫行辦法》) has been introduced to provide guidance for judging, evaluating and managing environmental and social risks in the course of project financing, regulate the prudent verification towards project financing environmental and social issues, and ensure that the project management applying the Equator Principles is well-founded. In terms of credit policy guidelines, the evaluation standard based on the Equator Principles is taken as an significant basis for customer rating, credit access, management and exit, differentiated risk management measures are adopted in the aspects of loan “three-investigation”, loan pricing and economic capital allocation, and the “one-vote veto system” for environmental protection compliance is insisted on.

3. Green Concept Practice

3.1 PROMOTING GREEN FINANCE (CONT'D)

Implementation status of the Equator Principles (cont'd)

In terms of execution, since its adopting the Equator Principles, the Bank has made a cumulative judgment on the applicability of the Equator Principles to projects that may have a greater impact on the environment and the society, including those concerning ecological agriculture, soil pollution control, utilization of waste resources, mine restoration, etc. declared by its branches, involving 14 projects and an investment amount of RMB5.364 billion. By the end of 2022, 12 project financing transactions have taken effect, with a financing amount of RMB494 million and an investment amount of RMB1.098 billion.

Case 1

On March 30, 2022, the Bank launched its first project applying the Equator Principles. This project is a comprehensive geological and environmental treatment project for an abandoned mine in Weihai, which requires the total investment of RMB285.89 million and satisfies the requirements of the Equator Principles for “project financing with a total investment greater than or equal to USD10 million”. This project falls into the treatment of abandoned mines in Weihai, which restores and treats the geological environment of quarries on the basis of their current ecological restoration and in accordance with their unique topographic features. For the first project applying the Equator Principles, the Bank has conducted a rigorous environmental and social risk assessment, communicated with the execution entity at the first time, and developed a financing plan, finally successfully rendering the credit support up to RMB200 million to the involved enterprise. According to the enterprise, the international standard of the Equator Principles introduced by the Bank has opened up its own international vision, so it will actively follow relevant requirements of the Equator Principles to do a good job in project management and simultaneously take actions in response to the “double carbon” policy.

Case 2

In October 2022, the Bank provided the credit support up to RMB95 million for the comprehensive treatment project in a river basin of Weihai. Both banks of the this river are mostly covered with villages, farmlands, etc., the pollutants are scattered at the junction of water and land, with serious silt in the river, the conditions of surface water accumulation in the wetland are getting worse and worse, and the ecosystem has been damaged to a certain extent, making the original wetland functions basically lost. With a total investment of RMB151.72 million, the project aims to improve the green space coverage and beautify the living environment, and to restore normal functions of the riverway through comprehensive improvement. After learning details about the project, the Bank took the initiative to connect with the execution entity to conduct strict environmental and social risk assessment, and reached the assessment result of Class C, meaning there would be no obvious adverse consequences to the environment and thus in line with the Equator Principles. Meanwhile, the Bank actively communicated with customers, formulated project financing plans, and efficiently completed credit approval and loan origination.

3. Green Concept Practice



3.2 GREEN AND LOW-CARBON OPERATIONS

The Bank strictly abides by the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), the Law of the People's Republic of China on Energy Conservation (《中華人民共和國節約能源法》) as well as other applicable environmental laws and regulations. In addition, the Bank actively promotes low-carbon services, encourages employees to save energy, and constantly improves green operation related measures. During the Reporting Period, the Bank did not violate any laws and regulations related to environmental protection. The Bank is also committed to building a resident-centered green bank in line with the concept of public welfare and environmental protection, helping to protect the environment and creating a new business card for green and environmental banks.

The Bank is in the financial industry, we have a relatively small impact on the environment and natural resources, and our impact on the environment mainly includes the use of electricity, water, office supplies and paper, office waste, and pollutant emissions when using vehicles. However, the Bank continues to strengthen environmental and social risk management in our business operations, actively promote green and low-carbon operations, and comprehensively enhance the functions of green finance to help build an environmentally friendly society.

In terms of environmental goals, the Bank has set four preliminary directional goals on environment in 2021, namely energy efficiency, greenhouse gas emission, water efficiency and waste reduction. In 2022, the Bank has reviewed the environment-related goals and progress in 2021, all of which have achieved the requirements¹. Such environmental goals are also applicable in 2022, and the Bank will continue to plan environmental protection work in the future. The Bank will actively implement its energy conservation, greenhouse gas emission reduction, water management and waste reduction initiatives, maintain or reduce electricity consumption and greenhouse gas emissions on the basis of 2021, and maintain or reduce water consumption and waste generation on the basis of 2020, subject to similar levels of operation in the future.

¹ The electricity consumption and greenhouse gas emissions in 2022 are reduced by approximately 11% and 15% respectively over those in 2021, and the water consumption and waste generation in 2022 are reduced by approximately 5% and 30% over those in 2020.

3. Green Concept Practice

3.2 GREEN AND LOW-CARBON OPERATIONS (CONT'D)

Key Measures for Green Operation

Energy Management

<p>Lighting System</p> 	<ul style="list-style-type: none">• Remind staff to turn off the lights when they are not in use;• Use daylight as much as possible;• Divide the office into a number of different lighting areas that can be independently controlled by lighting switches;• Use energy-efficient lamps, such as LED;• Reduce the number of lighting fixtures in areas with higher brightness than required.
<p>Air Conditioning System</p> 	<ul style="list-style-type: none">• Turn off the air conditioning system when not using the office;• Avoid installing air conditioners in direct sunlight;• Set the minimum indoor air-conditioning temperature in summer to 26 degrees Celsius;• Employees are encouraged to dress by season, avoiding suits in summer and adding a sweater in winter.
<p>Electronic Office Equipment</p> 	<ul style="list-style-type: none">• Use energy-efficient electronics;• Set the computer to enter automatic standby and sleep mode when not in use;• Turn off electronic equipment completely when not in use;• Use virtualized computer equipment to reduce hardware installation and power consumption.
<p>Company Vehicles</p> 	<ul style="list-style-type: none">• Develop environmentally friendly driving habits, e.g., avoiding sudden acceleration and braking, stopping with the key off;• Encourage employees to take public transportation or shared transportation;• Carry out regular repair, inspection and maintenance of the Company's vehicles.

3. Green Concept Practice

3.2 GREEN AND LOW-CARBON OPERATIONS (CONT'D)

Key Measures for Green Operation (cont'd)

Resource Management

Water Management



- Firmly turn off the faucet after use;
- Promote water conservation and post reminder signs in relevant places;
- Conduct regular inspections on water meter readings and concealed water leaks;
- Use faucets with water-saving labels and infrared sensors;
- Arrange regular inspections on sinks, drain valves and water pipes to prevent leaks.

Waste and Resource Management



- Reduce the use of disposable and non-recyclable products;
- Waste such as old computers are sent to recycling companies for recycling;
- Use recyclable toner cartridges and ink cartridges;
- Reuse envelopes, binders and other stationery.

Paperless Office



- Use electronic office system to reduce paper usage;
- Use waste paper to keep notes;
- Post notices next to printing equipment to remind employees to print on both sides of paper or reuse paper;
- Conduct regular monitoring on the number of prints and set print quotas for users where feasible;
- Perform paper usage statistics on a regular basis to monitor paper consumption.

3. Green Concept Practice

3.2 GREEN AND LOW-CARBON OPERATIONS (CONT'D)

Promoting Environmental Protection Activities

The Bank carries out the energy-saving and carbon-reduction publicity and education to vigorously advocate green and low-carbon production and life, create a strong atmosphere for energy conservation and low-carbon, and actively publicize the concept of green and low-carbon development. The Bank adopts online and offline channels, including producing promotional videos on energy conservation and organizing on-site publicity activities. The Bank also conducts energy shortage experience activities to enhance the energy-saving awareness of cadres and employees, including turning off lights in public areas, stopping an elevator, encouraging cadres and employees to take low-carbon travel. The Bank resolutely prevents food waste, advocates the clean plate campaign, and actively carries out a trade-in of hazardous waste.

Carrying Out Green Services

The Bank actively carries out green services, develops electronic business and paperless counter, centers on customer experience, fully utilizes financial technology means to improve its service levels, and strives to form a green and low-carbon bank.

Video Banking

- The Bank launched video banking to provide the public with convenient, efficient and safe online services and create a green and low-carbon space for warm online services. Meantime, the Bank promoted the green and low-carbon transformation of existing business outlets in stages and in batches, and added paperless business channels such as smart devices to reduce energy consumption.

威海市商业银行 WEIHAI CITY COMMERCIAL BANK 股票简称:威海银行 股票代码:9677.HK

威海市商业银行 视频银行

您身边的线上营业厅

手机银行二维码 微信银行二维码 视频银行二维码

可办理业务场景

- 个人信息维护
- 密码修改
- 密码解锁
- 密码重置
- 口头挂失
- 关注客户信息解除
- 电子账户开户
- 单位账户法人开户意愿核实
- 正式挂失
- 挂失解除
- 账户升降级
- 信用卡激活
- 信贷双录
- 手机银行软Key签约

发起渠道

- 微信小程序, 搜索“威海银行视频银行”进入
- 手机银行6.0 APP “首页-视频银行”进入
- 威海市商业银行公众号, “微服务-视频银行”进入

操作指南

- 登录手机银行首页视频银行, 或微信小程序搜索“威海银行视频银行”, 进入威海市商业银行视频银行页面。
- 选择需要办理的业务类别, 根据提示, 发起呼叫。

3. Green Concept Practice

3.2 GREEN AND LOW-CARBON OPERATIONS (CONT'D)

Carrying Out Green Services (cont'd)

Mobile Banking

- The Bank built a special column for green and low-carbon life in mobile banking, which integrates online wealth management, online loans, online bill payment, community finance, travel by public transport, electronic payment and other functions, giving full play to the advantages of non-contact, green and low-carbon online channels to provide one-stop online and electronic solutions for the daily financial needs of the general public and to create a green finance ecology.

Paperless Construction

- In November 2021, CBUS5.0, a new generation core system of the Bank, was officially put into operation, which, on the basis of paperless counter vouchers, continuously enriched the types of paperless counter services, and realized electronic transaction vouchers, electronic accounting registers and electronic account management, thereby reducing various counter paper vouchers by more than 70% and effectively lowering counter operating costs. The Bank continuously improves and enriches the functions and products of electronic channels, actively guides the customers to handle their requests online, making the replacement rate of electronic channel-based services steadily increase, while effectively improving customer service convenience and enhancing customer experience.

Green and Low-carbon Credit Card



- The Bank developed a green and low-carbon credit card in October 2022. Through combining the green travel, the Bank optimized and enhanced the experience of travel rights and interests, and created preferential rights and interests based on green scenarios such as refueling and car washing, so as to improve the experience of customers using the green and low-carbon card.



3. Green Concept Practice




3.3 TACKLING CLIMATE RISKS

China is undergoing the transformation of its industrial structure. In response to the national goal of “carbon peaking and carbon neutrality”, financial institutions are also facing a restructuring of their credit business towards the industrial structure. The Bank has actively disclosed the information on the Bank’s green finance in the section headed “3.1 Promoting Green Finance” of this report. The Bank also continued to enhance the transparency of its response to the green finance transition and strengthen its environmental risk management capability through a proactive information disclosure mechanism. In order to continuously enhance its ability to manage climate change risks, the Bank further identified climate change-related risks and opportunities in its operations and formulated corresponding measures to cope with risks and capture opportunities.

Climate Change Risks	Examples	Potential Consequences	Response Measures
Acute risks 	Typhoons, rainstorms, hurricanes, floods or extreme high temperatures	<ul style="list-style-type: none"> Office locations may need to be temporarily closed The electricity demand grew due to increased cooling demand 	<ul style="list-style-type: none"> Develop contingency extreme weather plans and analyze the impact of extreme weather on the Bank Follow applicable suggestions on extreme weather published by the government, and developing measures to ensure the safety of employees Provide employees with disaster response trainings and escape drills to enhance their awareness of summer-heat diseases Use more low-cost emission reduction measures to reduce the potential energy price increase in the future Actively participate in public welfare activities on environmental protection to mitigate global warming
Policy and legal risks 	<ul style="list-style-type: none"> The central government introduces regulatory measures to reduce emissions 	<ul style="list-style-type: none"> The Bank will face penalties or legal actions if it fails to meet the requirements of new policies 	<ul style="list-style-type: none"> Track the latest local and national policies, laws and regulations, and formulating appropriate response measures Conduct regular assessments and formulating relevant countermeasures in accordance with regulatory requirements Incorporate carbon peaking, carbon neutrality and related contents into the employee training plan

3. Green Concept Practice

3.3 TACKLING CLIMATE RISKS (CONT'D)

Climate Change Risks	Examples	Potential Consequences	Response Measures
Market risks 	<ul style="list-style-type: none"> Stakeholders focus on climate change issues, and the Bank fails to meet consumer expectations 	<ul style="list-style-type: none"> Decrease in operating income Decrease in portfolio value 	<ul style="list-style-type: none"> Identify, use and manage carbon financial products according to the "Carbon Financial Products" (《碳金融產品》) standards issued by the China Securities Regulatory Commission Pay constant attention to the market demand for low-carbon, green and energy-saving products, and meet the needs of consumers in a timely manner Adopt green measures applicable to and proposed by the banking industry
Technical risks 	<ul style="list-style-type: none"> The banking personnel of green lending are not familiar with green technologies of other industries 	<ul style="list-style-type: none"> The banking personnel with insufficient understanding of emerging green technologies may affect the development of credit business 	<ul style="list-style-type: none"> Organize employees to participate in trainings on green finance Carry out peer exchange activities on carbon neutrality business
Reputation risks 	<ul style="list-style-type: none"> The demand of stakeholders on climate response increased, and the Company may suffer reputation damage if failing to respond effectively 	<ul style="list-style-type: none"> Affect existing partnership arrangements or impair the ability to attract new partners 	<ul style="list-style-type: none"> Proactively respond to the national dual-carbon call, actively communicate with stakeholders, and formulate and disclose emission reduction goals Communicate with stakeholders to explain the sustainable development measures of the Bank

Climate-related Opportunities	Potential Benefits	Measures to Capture Opportunities
Climate-related products and services	<ul style="list-style-type: none"> Helps attract domestic and foreign investors and expand opportunities for capital acquisition 	<ul style="list-style-type: none"> Conduct training for internal business personnel to enhance their knowledge of relevant emerging industries
Economic or policy incentives to support the low-carbon transformation of economy	<ul style="list-style-type: none"> Develop solutions such as green finance products to respond to the new needs of customers Diversify financial assets 	<ul style="list-style-type: none"> Regularly track emission reduction goals in response to the carbon neutrality goals of the government

4. SUPPORTING THE REAL ECONOMY

The Bank adheres to the market positioning of “serving local economy, small and micro enterprises as well as urban and rural residents”, while focusing on financial innovation, vigorously supporting the development of private enterprises and small and micro enterprises, technological finance and real economy, actively fulfilling financial society responsibilities, continuously improving the timeliness and satisfaction of inclusive financing services, and boosting local economic development.



4.1 CARRYING OUT INCLUSIVE FINANCE

With a view to improve the practices of inclusive finance, the Bank accelerated the construction of its professional inclusive finance team which covers all branches. While setting a clear weight of indicators relating to inclusive finance in performance assessment, the Bank continued to improve the coverage of and support for financial services for small and micro enterprises by making full use of the credit policy to support the development of small and micro enterprises.

In an active response to the national call of supporting small and micro enterprises, the Bank relied on new scenarios and new technologies to make financing less difficult and less expensive for small and micro enterprises, and actively explored new ideas, new models and new methods to serve small and micro enterprises, thus fully serving small and micro enterprises and boosting the development of the real economy. As of the end of 2022, the number of the Bank’s loans for small and micro enterprises with single credit within RMB10 million increased by 15.44%.

● In terms of “financing difficulty” of small and micro enterprises

The Bank continued to increase credit loans for small and micro enterprises with the empowerment of financial technology and product innovation, released a series of platform-based innovative online businesses. Based on the tax status of small and micro enterprises, the big data credit platform of the government and third-party data platforms such as “PatSnap”, the Bank can obtain accurate behavioral data of small and micro enterprises and transformed such data into credit, thereby effectively solving the financing difficulties of small and micro enterprises caused by the lack of collaterals.

● In terms of “difficulty in first loan” of small and micro enterprises

The Bank worked closely with local financial offices, economy and information technology commissions, SME service bureaus and other governmental departments to include small and micro enterprises without “first loan” into the support list. Under the “list-based” management, the Bank conducted the customer admission, credit rating and collateral evaluation for potential target customers in advance in accordance with the principle of “green channel, accelerated review and prioritized lending”, and continuously expanded the coverage of loans to small and micro enterprises.

● In terms of “expensive financing” of small and micro enterprises

The Bank continued to expand its sources of funds, and replicated and promoted special businesses such as “COVID-19 Response Loan (防疫贷)” and “Resumption Loan (复工贷)” using the special re-loan quota of the People’s Bank of China and re-lending funds from policy banks, which provided special loans of preferential interest rate to eligible small and micro enterprises and individual businesses to support their production and resumption. As of the end of 2022, the Bank’s balance of policy funds amounted to over RMB13 billion, and it successfully issued special financial bonds for small and micro enterprises with amount of RMB5 billion. When earnestly implementing the phased interest rate reduction policy of the People’s Bank of China, the Bank provided phased interest rate reductions for inclusive loans to small and micro enterprises that met the requirements of relevant policies. Meantime, the Bank endeavored to ease the loan repayment pressure of small and micro enterprises hit by the COVID-19 pandemic through loan extension, renewal and reschedule of repayment plans, with a view to completing all tasks relating to stabilizing enterprises and ensuring employment.

4. Supporting the Real Economy



4.2 INNOVATIVE INTELLIGENT FINANCE

In 2021, the Data Center of the Bank was awarded the Enhanced Level (Highest Level) Certificate by China Quality Certification Centre. During the Reporting Period, the Bank unwaveringly pushed forward the development vision of “smart digital banking” featuring “first-class customer experience, and first-rate income and profit generation”, unflinchingly chose the characteristic development path of “two-end retail banking” driven by “digitalization”, closely adhered to the concept of “data standardization, online regulation and online intelligence”, strengthened the scientific and technological infrastructures, established and improved the systems and mechanisms, boldly explored innovative models, continuously enhanced digital capabilities, as well as solidly implemented digital transformation to ensure successful completion of the digital revolution.

Strategies



The Bank hold the “Golden Experience Ideas” (體驗金點子) creative collection and selection activity. We received a total of 147 experience ideas in the activity, of which 58 ideas could be implemented and 20 ideas were selected as excellent creativity. The activity created a sound experience and innovation atmosphere across the Bank, and invigorated our employees to create and participate in experiences. The Bank formulated the Management Measures on New Businesses, New Products and New Platforms (《新業務·新產品·新平台管理辦法》), and improved the management mechanisms for the marking to market, benchmarking, research, project approval and assessment of new businesses, new products, and new platforms, so as to give full play to the regulating and binding role of systems in innovation management, improve the effectiveness of its innovation mechanism and promote the innovative development of the Bank.

4. Supporting the Real Economy

4.2 INNOVATIVE INTELLIGENT FINANCE (CONT'D)

Digital Bank

The Bank actively embraced financial technology, firmly promoted digital transformation, and continuously developed an integrated financial technology structure across the Bank. Meanwhile, it steadfastly promoted the construction of basic and supportive projects and developed a four-dimensional financial technology base of business mid-office, technology mid-office, data mid-office and cloud platform, so as to provide strong support and guarantee for business development.

During the Reporting Period, embracing the SAIL+ financial technology vision and centering on “professionalization, lean and agility”, the Bank enhanced its four digital capabilities covering bank-wide data governance and services, platform and service-oriented application architecture, customer-centric business and technology integration model, and integrated and intelligent operation and maintenance and security management system, while driving service-oriented transformation of the system architecture, enhancing basic support capability and data analysis capability, realizing business and technology integration, empowering business innovation and development, continuously strengthening technological governance, and building core competitiveness of the financial technology during digital construction and transformation.

In response to the industry trend and its own development needs, the Bank has successfully completed the reform and transformation of technology organization structure, and made efforts to optimize and improve the technology operation mode. Relying on the two drivers of optimizing the organizational structure and consolidating the team building, the Bank’s technology capability has been significantly improved, and the effectiveness of technology empowerment, technology driving and technology leading has been more significant. In addition, the Bank continued to strengthen the construction of technology team and actively introduced technology professionals. The Bank continued to strengthen the construction of its scientific and technological team. The Bank continued to foster talents cultivation and enhance technology capabilities through diversified trainings and practices, effectively supporting the digital transformation across the Bank.

4.3 INNOVATIVE ONLINE FINANCE

Innovative and Diversified Financial Services

In 2022, the Bank released the Operational Guidelines on Pledge Financing of Environmental Equity (《環境權益質押融資作業指導書》) to promote innovative and diversified financial services, such as environmental equity pledge, for green finance projects and customers with benefits in carbon emission reduction. The Guidelines elaborates on the detailed operational procedures and controlling points of the pledge financing of environmental rights. In addition, the Bank launched an innovative financing product “Qilu – Chain e-Loan (齊魯號-鏈e貸)” to provides online credit loans for enterprises through simplified processes and rapid approval, thus effectively meeting the needs of enterprises.

The Bank continues to promote service upgrading and product innovation. Firstly, it applies technology to empower finance, launches a digital inclusive financing platform, and continues to provide one-stop financial services for small and micro enterprises to upgrade products, processes and risk control; secondly, it launches the “merchant loan” products for small and micro enterprises in professional wholesale markets; thirdly, it relies on established advantages of online financial technology in the industry, and combines with big data analysis and Internet technology to launch the “micro-industry loan” product; fourthly, it depends on platform support and optimizes online services to launch an upgraded version of the house e-loan 2.0, striving to achieve new business breakthroughs; and fifthly, it resorts to the government’s big data credit platform to continuously promote credit products such as “talent loan” and “government e-financing”, with such online and platform modes effectively meeting the “short-term, frequent and urgent” financial needs of small and micro enterprises, and driving the growth of inclusive business.

The Bank actively implements the strategy of financial support for rural revitalization, continuously strengthens cooperation with Shandong Agricultural Development Credit Guarantee Co., Ltd., boosts the “easy agricultural loan”, gives full play to the respective advantages of government and bank, as well as actively extends differentiated and characteristic financing services for “agriculture, rural areas and farmers”.

4. Supporting the Real Economy

4.3 INNOVATIVE ONLINE FINANCE (CONT'D)

Innovative Online Credit Products

In recent years, the Bank has actively launched various online business products such as “Property e-Loan (房e贷)”, “Quick e-Loan (快e贷)”, “Shui e Rong (税e融)”, “Zheng e Rong (政e融)” and “Micro Business Loan (微业贷)” to meet the credit needs of micro and small enterprises and other market entities. Meantime, the Bank relied on its platform to optimize online services and launch an upgraded product.

Rapid e-loan

For the purpose of fulfilling the mission of serving the real economy through financial services, the Bank releases “Rapid e-loan”, a kind of operating credit loan product, to quality business loan customer bases including small and micro enterprise owners and individual industrial and commercial households, aiming to assist customers’ capital turnover in the business process and expand their consumer finance needs. Based on big data and artificial intelligence technology, this product establishes an effective risk assessment model, judges credit risk status of the borrowers, and carries out automatic examination and approval, intending to bring customers the credit experience of “code scanning in one second”, “customer input in one minute”, “approval in one minute” and “lifelong cloud credit”.

Bailout loan

For the purpose of solving capital shortage encountered by individual industrial and commercial households as well as micro, small and medium-sized enterprises in the course of their operations, the Bank joined hands with Jinan Financing Guarantee Co., Ltd. to launch a government guaranteed loan product called “Jidan – Bailout loan”. Individual industrial and commercial households enjoy full financial interest and guarantee rate subsidies with a single quota of RMB20,000, while micro, small and medium-sized enterprise owners enjoy full guarantee fee subsidies with a maximum quota of RMB500,000, and the annual interest rate after financial discount does not exceed 2.5%, thus effectively solving the financing difficulties and high costs of micro, small and medium-sized enterprises as well as individual industrial and commercial households, and leveraging financial strength to support local economic development.

威海市商业银行 WEIHAI CITY COMMERCIAL BANK 股票简称:威海银行 股票代码:9677.HK

纯信用线上贷款

快e贷

年化利率(单利)低至4.35%

线上操作 即时便捷 随借随还 循环额度

0手续费 0担保 0抵押 0纸质材料

24小时服务热线: 96636(省内) 4000096636(境内)

威海市商业银行 WEIHAI CITY COMMERCIAL BANK 股票简称:威海银行 股票代码:9677.HK

房e贷

有房在手, e贷随心

期限长 审批快 手续简便 随借随还

放款更快速 手机评房, 在线申请, 系统审批, 快速放款。
用款更方便 一次授信, 循环使用, 手机用款, 随借随还。
费用更划算 免费评估, 立省费用, 按日计息, 节省成本。
期限更灵活 授信期限一年、三年、五年, 期限灵活, 任您选择。
参考房产评估价值核定放款额度, 最高可贷500万!

全面升级 邀您体验

扫描关注威海市商业银行普惠金融公众号
点击上方的“点我贷”, 选择房e贷产品线上评房立即申请。
24小时服务热线: 96636 (省内) 4000096636 (境内)

5. PRIORITIZING QUALITY SERVICE

The Bank adheres to the principle of customer first and thoroughly implements the quality service concept of “Sincere Accompaniment, Happy Growth (心相伴·悦成长)”. With high emphasis on customer needs, the Bank is committed to improving the standards of financial services and building long-term partnerships with customers based on mutual trust. Through such measures as the establishment of a sound service management system, strict service standards, strengthened supervision and assessment, enhanced complaint management, implementation of service innovation, the overall quality of customer services has been improved.

5.1 IMPROVING SERVICE QUALITY



Service standardization construction

For the fourth consecutive year, the Bank was awarded the title of “Top Runner” in the Enterprise Standards of Banking Outlet Services; and the “Leader” campaign was jointly carried out by 8 departments including the State Administration for Market Regulation, the Ministry of Finance and the People’s Bank of China. The Bank continues to benchmark financial service standards such as national standards, industry standards and enterprise standards, while adopting the innovative approach of “advocating standards from three dimensions and strengthening execution through three activities”, emphasizing on refining service standards such as intelligent services, elderly care services, accessible services, consumer protection and rare character recognition, accelerating deep integration between financial services and digital construction, meeting the development trend of intelligent, convenient, universal and aging financial services, as well as opening up the “last-mile” services and creating the “first-class customer experience”.

5. Prioritizing Quality Service

5.1 IMPROVING SERVICE QUALITY (CONT'D)



Customer communication

The Bank offers online and offline channels to enhance communication with its customers. The Bank formulates the “Measures for Service Supervision and Assessment” (《服務監督考核辦法》), aiming at raising the awareness of all employees on service importance; and regularly evaluates the business institutions under the jurisdiction of each branch subject to the prescribed evaluation modes, methods and contents, aiming at providing customers with standardized, unified and quality services. Customers can adopt online communication via channels such as the Bank’s official website, WeChat official account, mobile banking and video banking terminals. The Bank also disseminates important management results, business and product information and practical service measures through the above channels. In addition, offline communication channels are provided to customers to ensure the smooth channels for collecting customer information and feedback. The 24-hour service hotline and complaint telephone number are publicized at business outlets. The customer service center provides telephone services including reporting the loss of personal accounts, financial business consultation, assisted transactions, troubleshooting and customer care, and accepts, registers and forwards various customer complaints, suggestions, difficulties and praises.

Remote Video Banking Service

With a view to strengthening the construction of the customer service team, creating a standardized, harmonious, tidy and orderly working environment, and ensuring quality and efficient services, the Bank has formulated the “Operating Instructions for Services by the Customer Service Center” (《客戶服務中心服務業務作業指導書》), the “Service Standards for Customer Service Staffs” (《客戶服務工作人員服務規範》), the “Management Measures for Video Banking” (《視頻銀行管理辦法》) and the “Emergency Plan for Telephone Banking of the Customer Service Center” (《客戶服務中心電話銀行業務應急預案》) to improve service quality and enhance customer satisfaction. In order to meet the diversified service needs of customers, the Bank deepened its service innovation, expanded service media, and launched the video banking system to provide remote “video banking” services. Video banking is an online business platform for customers that uses wireless network, artificial intelligence and other technologies to connect with mobile terminals via audios and videos, and then connect customers with the Bank through remote video mode. Video banking includes a variety of business scenarios of operation, credit card, credit and other business lines. It adopts the mode of standardization and centralized operation, breaks through the geographical location restrictions of outlets, realizes remote business for customers, comprehensively improving service efficiency and creating better service experience.

Handling Consumer Complaints

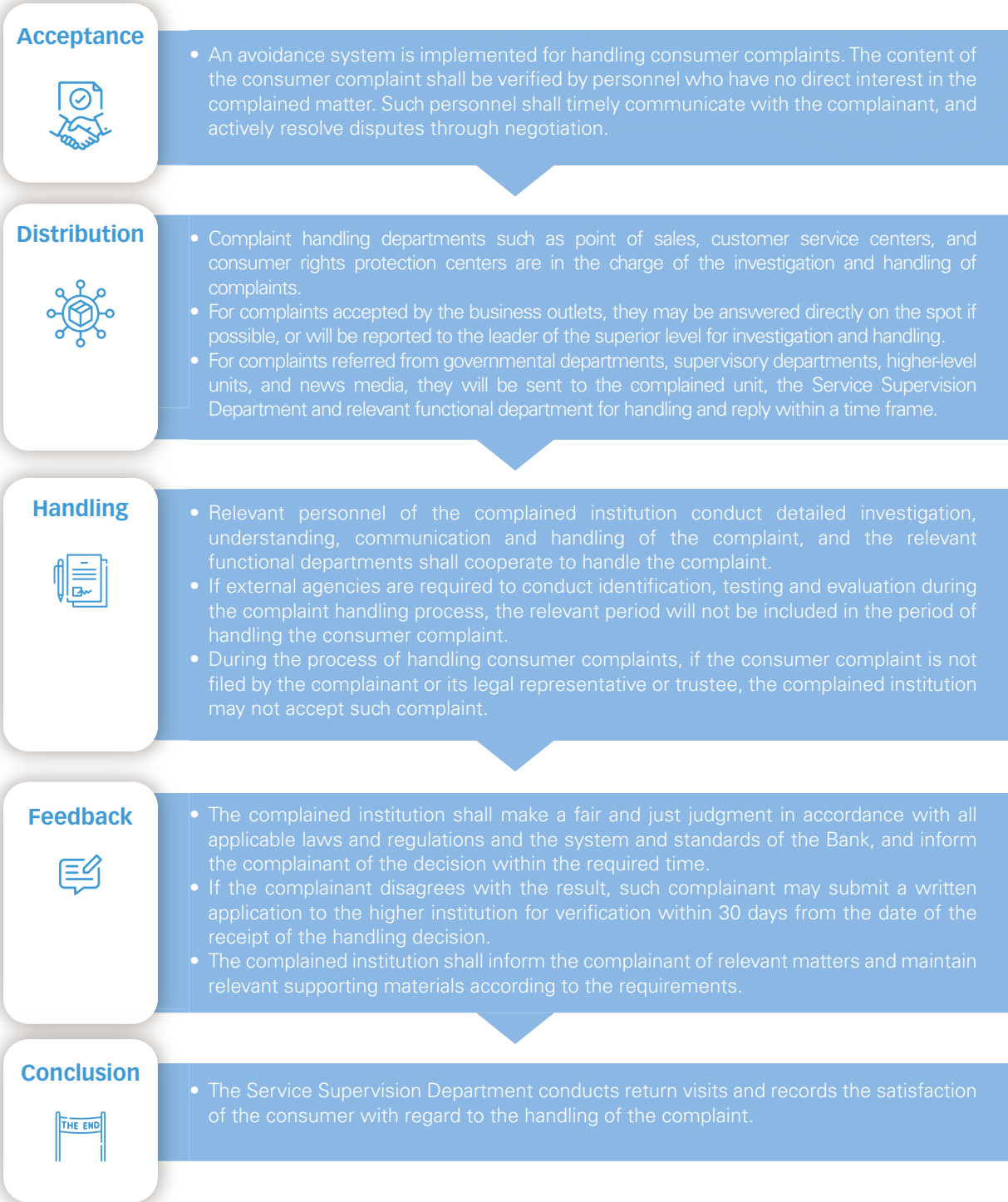
The Bank adheres to the service concept of “Sincere Accompaniment, Happy Growth (心相伴·悅成長)” and continuously improves its services based on customer feedback, as well as complies with laws and regulations such as the PRC Banking Supervision and Regulatory Law (《中華人民共和國銀行業監督管理辦法》), the Commercial Banking Law of the PRC (《中華人民共和國商業銀行法》), the Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》), the State Council General Office’s Guiding Opinions on Strengthening the Protection of Financial Consumers’ Rights and Interests (《國務院辦公廳關於加強金融消費者權益保護工作的指導意見》), the Measures for the Administration of Handling Consumer Complaints in Banking and Insurance Industry (《銀行業保險業消費投訴處理管理辦法》) to standardize the handling of customer complaints and improve the information transfer process, thereby enhancing customer satisfaction. In order to further strengthen the Bank’s complaint management, the Bank established the Measures on Consumer Complaint Handling Management (《消費者投訴處理管理辦法》), which stipulates the principles, methods, time limits and requirements for handling customer complaints to ensure that customer complaints are resolved in a timely and effective manner.

5. Prioritizing Quality Service

5.1 IMPROVING SERVICE QUALITY (CONT'D)

Handling Consumer Complaints (cont'd)

The Bank's consumer complaint handling process is divided into five stages, namely acceptance, distribution, handling, feedback and conclusion.



5. Prioritizing Quality Service

5.1 IMPROVING SERVICE QUALITY (CONT'D)

Handling Consumer Complaints (cont'd)

The Bank has set up public complaint channels and processing procedures on our official website, mobile banking, online banking and business premises, so that our customers can clearly understand the channels to accept complaints and estimated processing time, in order to make our complaint handling more transparent. Customers may file complaints through customer service hotline and correspondence. During the Reporting Period, the Bank actively responded to customer complaints through various ways. The Shandong Office of China Banking and Insurance Regulatory Commission notified a total of 11 complaints about the Bank's products and services in 2022, representing a year-on-year decrease of 71.05%. The Bank resolved 100% of its complaints.

5.2 PROTECTING CUSTOMERS' PRIVACY

The Bank regards protecting customers' privacy as an important responsibility. The Bank establishes long-term partnerships with its customers on mutual trust, and conducts business in accordance with the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), the "Guidelines on Information Technology Risk Management of Commercial Banks (《商業銀行信息科技風險管理指引》) and other laws and regulations. To safeguard the privacy of customers' information, the Bank builds a firm line of security by means of technical prevention and control, and adheres to the general direction of "safety first, prevention as priority, equal emphasis on technology and management, and comprehensive prevention" for information security management. In accordance with the Cybersecurity Graded Protection System of China and relevant laws, regulations and regulatory requirements, the Bank has also established a more comprehensive information security system, namely the "Information Security Management Measures" (《信息安全管理制度》) and the Customer Information Protection Management Measures (《客戶信息保護管理制度》), to cover all aspects of information security management. The Bank has formulated the Operation Instruction for Operation and Maintenance Management of Security Products (《安全產品運行維護管理作業指導書》) to regulate the Bank's information security products, including the information technology internal control system, vulnerability scanning, security configuration verification system, security services and other information security product operation procedures and controls, and have set up the responsibilities, authorities and information operation procedures for employees in different positions to reduce risks and improve the management level of the Bank's security products. The Bank has formulated the Computer Operation and Maintenance Management Procedures (《計算機使用維護管理程序》) to carry out data center operation and maintenance safety self-inspection by various management posts, including the comprehensive investigation on the use of computer equipment, network system security risks, and the protection of computer room infrastructure.



5. Prioritizing Quality Service

5.2 PROTECTING CUSTOMERS' PRIVACY (CONT'D)



Establishing a sound customer information confidentiality system

The Bank formulated the Management Measures on Customers' Information Protection (《客戶信息保護管理辦法》), which divides customer information into electronic and paper information. Customers' information is classified into three categories of high confidentiality, medium confidentiality, and low confidentiality by its security level. Such data includes customers' basic information, account information, product or channel information, etc. The Bank adopts appropriate security management technologies in the collection, transmission, use and storage of data at all levels, so as to further prevent data leakage and ensure data security. The Bank agrees to take necessary measures to strengthen the protection of personal financial information of customers. The Bank will not alter, misuse or disclose the private financial information of customers to any third parties without the knowledge of or consent from customers.

In order to establish a sound customer information confidentiality system, the Bank formulated the Management Procedures on Customer Information in Core Systems (《核心系統客戶信息管理程序》) and supervises the use of information resources by employees in line with the principle of authorization restrictions. Customer information includes but not limited to basic customer information, account information, and product or channel information, and the Bank assumes the responsibility to keep customer information confidential. The deposit information of customers can only be inquired by themselves, and shall not be provided to other entities or individuals, unless otherwise stipulated by law.



Strengthening content training

In order to enhance the awareness and capabilities of every employee on information security and protection, the Bank carries out actively information security and confidentiality trainings to help employees understand the importance of information security in the financial industry. The Bank formulates annual internal training plans for all employees who can access the information system, and conducts training, publicity and education on the customer information confidentiality system through centralized trainings, rolling trainings, and secondary training of branches and sub-branches, so that our employees can have a better understanding of information security knowledge and their responsibilities and our employees will always keep vigilant and conscientious in their work.



Improving machine control and preventing information leakage

The Bank strictly control the transaction authority as to any inquiry of customer and account information in the system based on the principle of "limited scope and strict confidentiality". If customers themselves apply for inquiry, the Bank will effectively identify the identity of depositors through online verification, face recognition and password verification. For any inquiry of customer and account information as to anti-money laundering, gambling-related fraud and other investigations, the system will control the authorization.

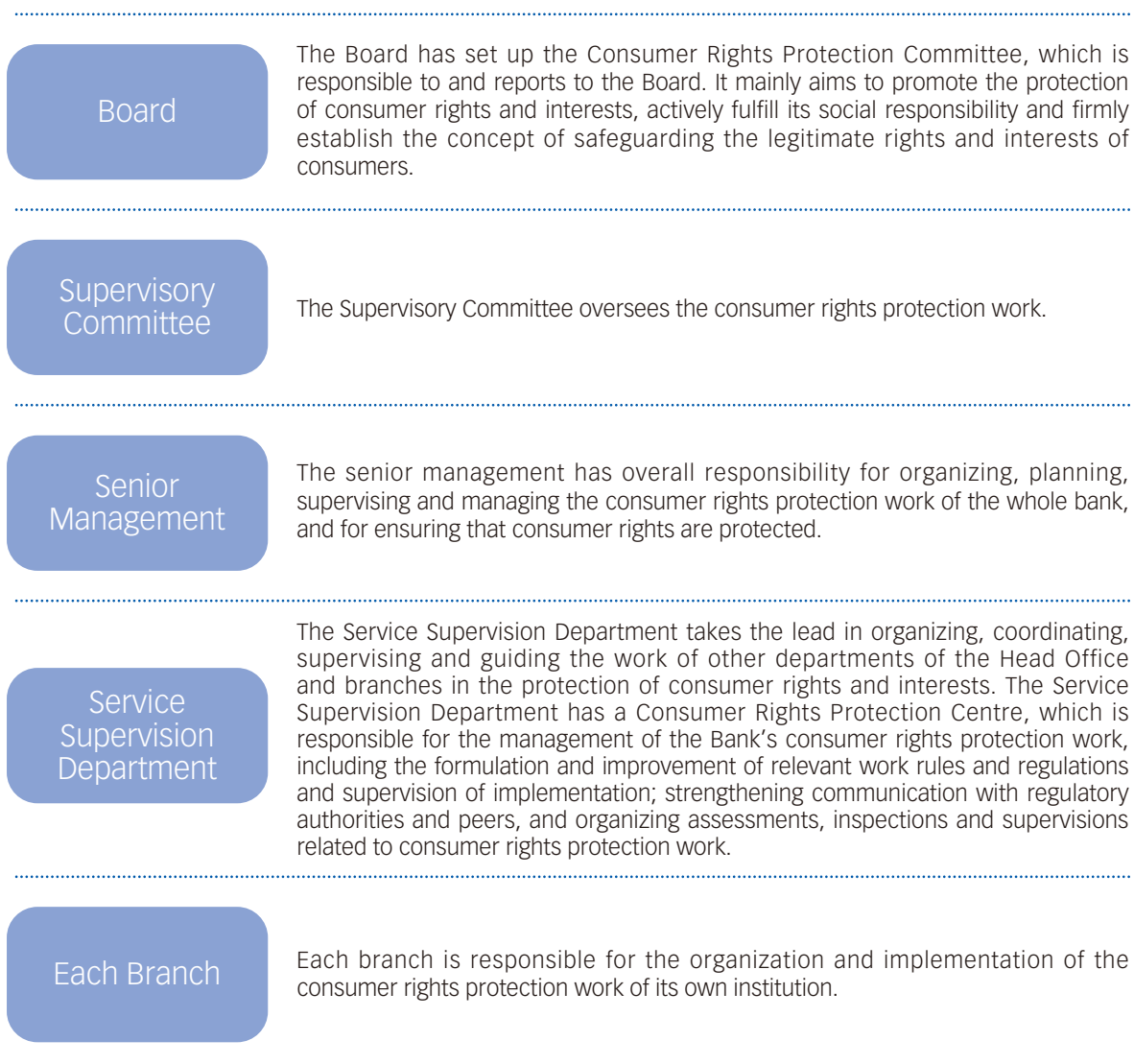
5. Prioritizing Quality Service

5.3 PROTECTING CONSUMER RIGHTS

Organizational Structure for Managing Consumer Rights

The legitimate rights and interests of customers are critical to the Bank. In accordance with laws and regulations and industry rules and regulations such as the Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》), the Guidance on Consumer Rights Protections for Banking Industry (《銀行業消費者權益保護工作指引》) and the Guiding Opinions on Bank Insurance Institutions to strengthen the Work System and Mechanism Construction of Consumer Rights Protection by CBIRC (《中國銀保監會關於銀行保險機構加強消費者權益保護工作體制機制建設的指導意見》), the Bank has formulated the Administrative Measures on the Protection of the Rights and Interests of Consumers (《消費者權益保護工作管理辦法》) to protect the legitimate rights of consumers, improve customer satisfaction and promote the healthy, stable and sustainable development of the Bank.

The Bank insists on the customer-centric concept, responds positively to customers' needs and opinions, and protects customers' privacy and assets. The Bank has established an institutional system for our financial consumer protection work, and the Board of Directors is responsible for setting strategies, policies and objectives for consumer rights protection.



5. Prioritizing Quality Service

5.3 PROTECTING CONSUMER RIGHTS (CONT'D)

Standardizing Advertising and Marketing

In accordance with the Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) and the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》) and other laws and regulations governing the promotion of products offered by financial institutions, the Bank has formulated internal management measures such as Procedures for the Management of Publicity Work (《宣傳工作管理程序》) and Administrative Measures for Financial Knowledge Publicity and Education (《金融知識宣傳教育管理辦法》), which aim to strengthen and regulate the advertising and promotion work for the bodies at all levels. The Bank stipulates the division of responsibilities, strategies, budgets, approval and internal control processes for work related to advertising and promotion to strongly ensure that product promotion is legal and compliant. In order to avoid misleading customers to purchase financial products, the Bank requires a clear distinction of own products and products sold on behalf of the Bank in the process of product sales. When promoting business development and product services, the Bank requires the departments that produce relevant materials to strictly follow the vetting and monitoring process to ensure the authenticity and reliability of disclosed information. The Bank strictly abides by and complies with the provisions on financial service charges of the PRC and our Head Office, discloses chargeable items and standards, and shall not impose extra charges or raise charging standards at will.

The Bank has clearly defined the specific responsibilities of various departments and branches of the Head Office in avoiding the risk of infringement and stipulates that infringement by text, pictures, audio and video or any other form is strictly prohibited during the advertising process. The Bank has formulated the "Brand Management Procedures (《品牌管理程序》)", which regulates the use of the corporate visual identification system and clearly states that the design of advertisements to be released by each unit must comply with the specifications and advertising templates of the Head Office.



6. PERFORMING SOCIAL RESPONSIBILITY

The Bank actively fulfilled its responsibilities as a corporate citizen and contributes its care for the society by encouraging its staff to participate in charity, poverty alleviation and other voluntary services. During the year, the Bank planned a variety of activities such as charity, assistance, heartwarming financial services and caring for vulnerable groups.

6.1 SUPPORTING SOCIAL WELFARE

The Bank has formulated a number of processes and procedures for improving the institutional construction, clarifying system constraints, continuously promoting heartwarming financial services, carrying out designated assistance, caring for vulnerable groups and establishing volunteer teams for social welfare. A number of measures are also taken to promote public welfare and charity activities. Meantime, Meanwhile, at the branch level, the comprehensive management department took the lead to organize and carry out various social welfare undertakings and incorporate social welfare activities to the main aspect of corporate culture construction of our branch. Each year, it will establish a plan for activities, organize initiatives and conduct an assessment.

<p>Improve institutional construction</p> 	<ul style="list-style-type: none"> • The Bank has established its Party-mass work department, mainly responsible for the development and organization of social welfare undertakings. • The Bank put in place a labor union, responsible for caring and assisting the Bank's employees in difficulties and organizing and participating in social charity activities. • The Bank established a Youth League Committee and set up a volunteer team for social welfare undertakings, to carry out youth volunteer activities in the long run.
<p>Clarify system constraints</p> 	<ul style="list-style-type: none"> • The Bank works to fulfill its social responsibility, incorporate the voluntary spirit into its corporate culture and establish a three-level activity mechanism of the head office, branch and sub-branch.
<p>The Bank continues to promote heartwarming financial services</p> 	<ul style="list-style-type: none"> • The business outlets are equipped with caring seats, presbyopic glasses and other facilities suitable for the elderly. • The Bank sets up special windows and green channels for the elderly, gives priority to serving elderly customers, and improve the service quality and efficiency. • For elderly customers with limited mobility, the Bank actively provides door-to-door services and gives back to the society.
<p>Carry out designated assistance</p> 	<ul style="list-style-type: none"> • In accordance with the unified deployment of the Party Committee and government on assistance work, the Bank actively carries out visits to and surveys of targeted villages, to extensively understand their actual needs, and ensure that the assistance work achieves practical results. • Shanhou Jujia Village of Gangxi Town, Rongcheng City is the assistance target of the Bank. The Bank invests RMB100,000 each year to send consolation money and gifts to the underprivileged and poor villagers in the villages.
<p>Care for vulnerable groups</p> 	<ul style="list-style-type: none"> • The Bank organized young employees to carry out voluntary work in nursing homes and regularly visited the Weihai charity houses. • The Bank organized young employees to carry out voluntary work in the Xiachu Town nursing home of Rushan City, and invested RMB30,000 to provide domestic coals for the nursing home.
<p>Establish volunteer teams for social welfare</p> 	<ul style="list-style-type: none"> • The Bank participated in various activities such as caring for vulnerable groups, voluntary tree planting, and voluntary blood donation. • The Bank actively conducted the "Open Week of Youth Civilization" activities. • The Bank gave full play to the professional advantages of young financial workers to carry out extensive financial knowledge publicity activities, such as anti-money laundering and anti-fraud, in communities, schools and enterprises.

6. Performing Social Responsibility

6.1 SUPPORTING SOCIAL WELFARE (CONT'D)

“One-day-salary Donation” in 2022

The Bank organized all employees to participate in the “One-day-salary Donation (慈心一日捐)” activity carried out by Weihai Charity Federation. In line with the principles of “law-based organization, openness and transparency, extensive mobilization, voluntariness, and dedication”, the Bank encouraged all employees to donate one-day salary. The proceeds will be used in relief for serious diseases, college students in difficulty, “Love for All Families (情暖萬家)” and “Caring for the Elderly (夕陽扶老)” and other projects.



6.2 POPULARIZING FINANCIAL KNOWLEDGE

The Bank continued to promote financial literacy and improve the public’s ability to identify financial risks, and formulated the Measures on the Management of Publicity and Education Work in Promoting Financial Knowledge to Protect Consumer Rights (《金融知識宣傳教育管理辦法》) to popularize and publicize financial knowledge to financial consumers.

Online Publicity

- We produced self-made works and forwarded risk warnings on social media platforms on the official website, mobile banking and various social networking platforms such as Wechat public accounts, to carry out publicity and education.

Offline Publicity

- Mobile publicity points were set up in rural areas, merchants, markets, streets, communities, schools and construction sites to distribute financial knowledge leaflets and brochures, thus answering questions for financial consumers and enhancing the financial literacy of the public.
- The financial consultation desk is set up in the banking hall to conduct extensive publicity and education on financial knowledge such as the basic lawful rights of financial consumers.
- We carried out young voluntary activities in communities, disclosed to the public the hazards of illegal fundraising and the usual means of financial and telecommunications fraud, so as to raise the awareness of the public to protect their legitimate rights and interests in accordance with the law.



6. Performing Social Responsibility

6.2 POPULARIZING FINANCIAL KNOWLEDGE (CONT'D)

1. During the Reporting Period, the Bank launched a series of financial knowledge publicity and education activities, such as “3·15 Consumer Rights Protection Education and Publicity Week (3·15消費者權益保護教育宣傳周)”, “Safe Payments and Careful Guarding (安全支付 貼心守護)”, and “Month on the Promotion of Financial Knowledge to Every Family and Striving to Be a Rational Investor and a Good Financial Netizen (金融知識普及月 金融知識進萬家 爭做理性投資者 爭做金融好網民)”.
2. The Bank was committed to implementing diversified and standardized measures to popularize financial knowledge, and adopted the “online + offline” and “centralized + on-site” publicity to enhance the financial literacy of consumers. The Bank conducted extensive publicity through the official website, mobile banking and Wechat official accounts, and produced online publicity works such as articles, short videos and WeChat long pictures to help consumers improve their knowledge of financial products and guide financial consumers to protect their rights and interests in a legal and rational manner. Based on its business outlets, the Bank reached out to villages, merchants, markets, communities and schools to carry out publicity and education for the elderly, children, new citizens and special groups with low awareness of risk prevention with focus on key groups and hot issues, thereby enhancing the capabilities of consumers in risk identification and prevention.

The Bank actively carries out financial knowledge publicity and education



7. CARING FOR EMPLOYEE WELL-BEING



The Bank believes that its employees are the cornerstone of its long-term corporate development. Our corporate culture is based on the “people-oriented” concept and the “happiness culture”. To actively promote these concepts, the bank has developed sound rules and regulations. The Bank protects the health and safety of its staff as well as the opportunities for diversity, equality and common growth, protecting the rights and interests of employees.

7.1 PROTECTING EMPLOYEES’ RIGHTS AND INTERESTS

The Bank is in strict compliance with all applicable laws and regulations including the Labor Law of the PRC (《中華人民共和國勞動法》) and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) to safeguard our employees’ rights and interests. The Bank did not involve in or discover any violations of employment and labor practices as well as violations of the laws and regulations on child labor and forced labor in 2022.

The Bank has formulated the Operation Guide on Employee Recruitment (《員工招聘作業指導書》), and conducted recruitment through external and internal channels based on the principles of openness, fairness and selection of the best candidates, and assessed candidates in terms of academic qualifications, professional experience and skills to introduce outstanding talents. The Bank checks the identity documents of candidates during the recruitment process to ensure that they meet the minimum legal working age and to eliminate the employment of child labor. The Bank has formulated the Operation Guide on Labor Contract Management (《勞動合同管理作業指導書》), followed the principles of legality, fairness, equality and voluntariness, negotiation and honesty, and prohibited forced labor. The Bank also implemented fixed working hours to allow employees to have adequate rest periods. In the event that the Bank finds that a worker has violated the law or needs to terminate a labour contract, the Bank will act in accordance with the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) and other relevant laws and regulations to protect the rights of our employees and the Bank. In addition to the national holidays, the Bank has formulated the “Guidance on Leave and Assessment for Employees (員工休假與考核作業指導書)”, pursuant to which employees are also entitled to sick leave, personal leave, marriage leave, maternity leave, breastfeeding leave, annual leave and other leave in addition to the national holidays. The Bank has formulated the “Guidance on Insurance and Provident Fund (《保險公積金作業指導書》)” to provide five insurances and one provident fund in accordance with the law.

The Bank is committed to creating an equal and non-discriminatory employment environment, and adopts zero-tolerance policy against any form of discrimination in recruitment, promotion, job transfer, awards and trainings regardless of gender, disability, age, race, nationality, family status or any other factors protected by law. The Bank establishes a clear human resources system and implements a competitive remuneration plan. The remuneration of all employees is determined based on their competitiveness, experience, skills and qualification requirements for the position, and the remuneration standards will be reviewed annually.

7. Caring for Employee Well-being

7.1 PROTECTING EMPLOYEES' RIGHTS AND INTERESTS (CONT'D)

The Bank organizes various employee activities to enhance their sense of belonging and improve the relationship among employees.



7. Caring for Employee Well-being



7.2 FOCUSING ON EMPLOYEE TRAINING

The staff and team development is an important element of the sustainable development of the Bank. A sound system helps the Bank to build a high-quality human resources management team. The Bank also invests in staff training and skills development to enhance the professionalism of its staff in all aspects, further enhance the strategic analysis and business thinking skills of its teams, and lay a good foundation for future business expansion and strategy implementation.

Management and Promotion

In order to motivate employees to work harder and attentively and stimulate their potential, the Bank established the Performance Management Procedures (《績效管理程序》) to regulate the management of employee performance and evaluate staff performance. The Bank conducted regular employee assessment, recognized and rewarded employees for their contributions, work performance and skills, and helped employees to continuously improve their performance. The Bank formulated the Operation Guide on the Appointment and Removal of Medium-and High-level Management (《中高級管理人員任免作業指導書》) to regulate the selection and appointment of medium-and high-level management. When there was a vacancy in the management position, internal promotion should be considered first, followed by external employment. The Bank prioritized the selection of professional talents with good comprehensive qualities, solid professional capabilities, high academic qualifications and stronger ability in theory and young talents with energy and passion, laying a good foundation for building a professional and excellent management team.

7. Caring for Employee Well-being

7.2 FOCUSING ON EMPLOYEE TRAINING (CONT'D)

Diversified Employee Training

In order to cultivate excellent talents, the Bank further intensifies its training efforts and enhances quality and efficiency of trainings, and has established an annual employee training plan. Relying on the “Zhiniao” (“知鳥”) digital training platform, the Bank enhances the learning enthusiasm and initiative of employees, and creates a training atmosphere across the Bank with focus on the training center, so as to promote the reform, transformation and business development with improved trainings, further strengthen the professional capability and comprehensive quality of employees and build a hierarchical and diversified training system across the Bank.

The following is the main training contents in 2022:

Training for new employees from college enrollment

- The trainings for new employees from college enrollment aim to enable new employees understand the corporate culture of the Bank, integrate into the culture, adapt to their positions, and complete the status transition from students to workers as soon as possible.

Training for new employees from social recruitment

- The trainings for internal lecturers are arranged to strengthen the management of internal lecturers and enhance their overall quality.

Training for internal training lecturers

- The trainings for internal lecturers are arranged to strengthen the management of internal lecturers and enhance their overall quality.

Business training

- The Bank organized a wide variety of business trainings based on peak season marketing, supply chain and other key businesses, covering credit, risk, audit, finance, corporate and retail.

Training for new cadres

- The leadership trainings for cadres were organized to intensify our talent training, further broaden the horizons of new middle-level cadres and enhance the efficiency of management.

Training on Party building and discipline inspection

- In order to guide the cadres and employees to consciously abide by the Party disciplines and regulations, keep in mind the red line of disciplines and regulations, build the awareness of integrity and compliance and create a clean and upright working environment, the Bank organized business trainings and warning education activities on the knowledge of Party discipline, regulations as well as on discipline inspection.

Since the launch of the “Zhiniao” digital training platform in 2022, the Bank has uploaded a total of 1,073 online courses, with 35,684 persons learning on it. The popular courses mainly include internal business training, intelligent management training and economist exams. The Head Office gives full play to the professional role of business lines and plays a strong role in guiding branches and sub-branches. Since its opening on September 1, 2022, the Training Center of the Bank has organized a total of 765 person-times to conduct offline training. The Bank has developed and certified 26 internal lecturers and 79 internal training courses. Through a number of concrete measures and the diversified learning media from various channel, the Bank greatly improved the overall quality of its employees, enhanced the overall competitiveness of its team and provided a guarantee of talent for the rapid development of the Bank.

7. Caring for Employee Well-being

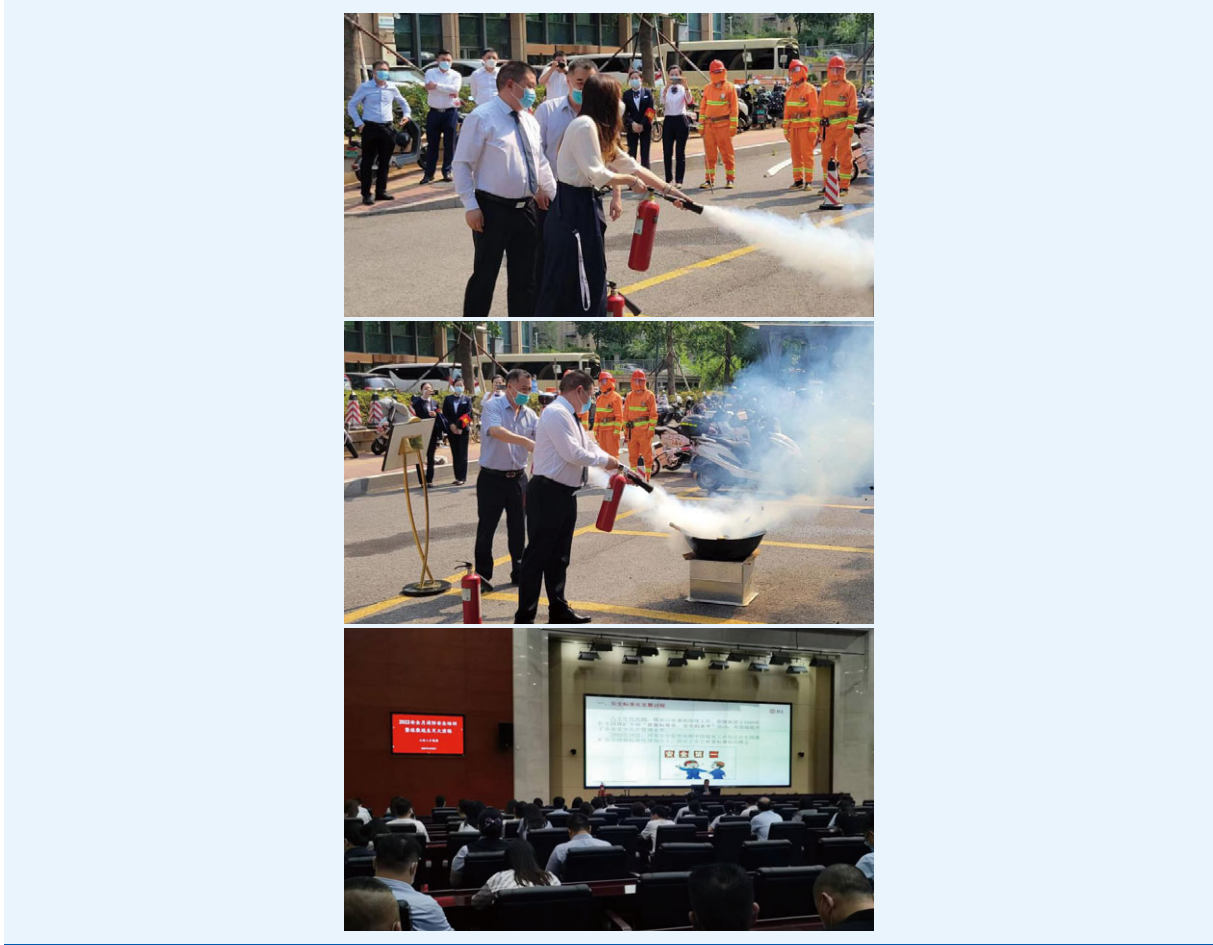
7.3 ENSURING EMPLOYEE HEALTH

The Bank is well aware of the importance of the health of its employees to the operation of the Company. In order to protect the health and safety of employees, the Bank strictly follows the Law of the PRC on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and Fire Prevention Law of the PRC (《中華人民共和國消防法》) and other relevant laws and regulations. The Bank also organizes the physical examination for employees and cares about their health. During the Reporting Period, the Bank did not receive any complaints or litigations in relation to violations of health and safety laws, and there were no work-related deaths in the past three years.

Regular Training

With a view to helping employees cope with emergencies and crises more effectively, the Bank regularly organizes employees to carry out fire evacuation drills, anti-robbery drills in business premises and other emergency drills; and also organizes fire safety education and training to continuously improve employees' emergency response capability and ensure that they remain calm in the face of danger and handle quickly and flexibly to avoid casualties and property losses when suffering from abnormal circumstances.

In June 2022, the Bank organized fire safety education and training drills, including daily knowledge on fire safety, fire evacuation and escape drills, use of fire fighting equipment and practical fire fighting trainings.



7. Caring for Employee Well-being

7.3 ENSURING EMPLOYEE HEALTH (CONT'D)

Response to COVID-19

Despite the challenges posed by the COVID-19 pandemic to our staff and business, the Bank has put in place various measures to address and protect our staff during the epidemic.

Management of Employees on Duty

- Strictly implement the system of applying for, reporting back and recording leave of absence.
- Strictly control the frequency and scale of various conference activities, formulate prevention and control plans, and perform approval and reporting procedures.
- Urge employees to pay attention to personal protection and self-health monitoring.
- Adjust the working mode of employees in a science-based and flexible manner.

Strict Control of Premises

- Dynamically optimize and improve the normalized pandemic response measures in business and office spaces.
- Strengthen the internal management of office buildings and implement prevention and control measures.
- Strengthen the management of staff canteen, strictly control the processing of food, and take meal in a non-contact way.

Intensify Emergency Management

- Expand material reserves.
- Strengthen emergency response and dynamically optimize emergency plans.
- Constantly improve the duty schedule, and deal with and report on significant matters related to the pandemic as soon as possible.
- Strengthen supervision and inspection to ensure a stable prevention and control across the Bank.



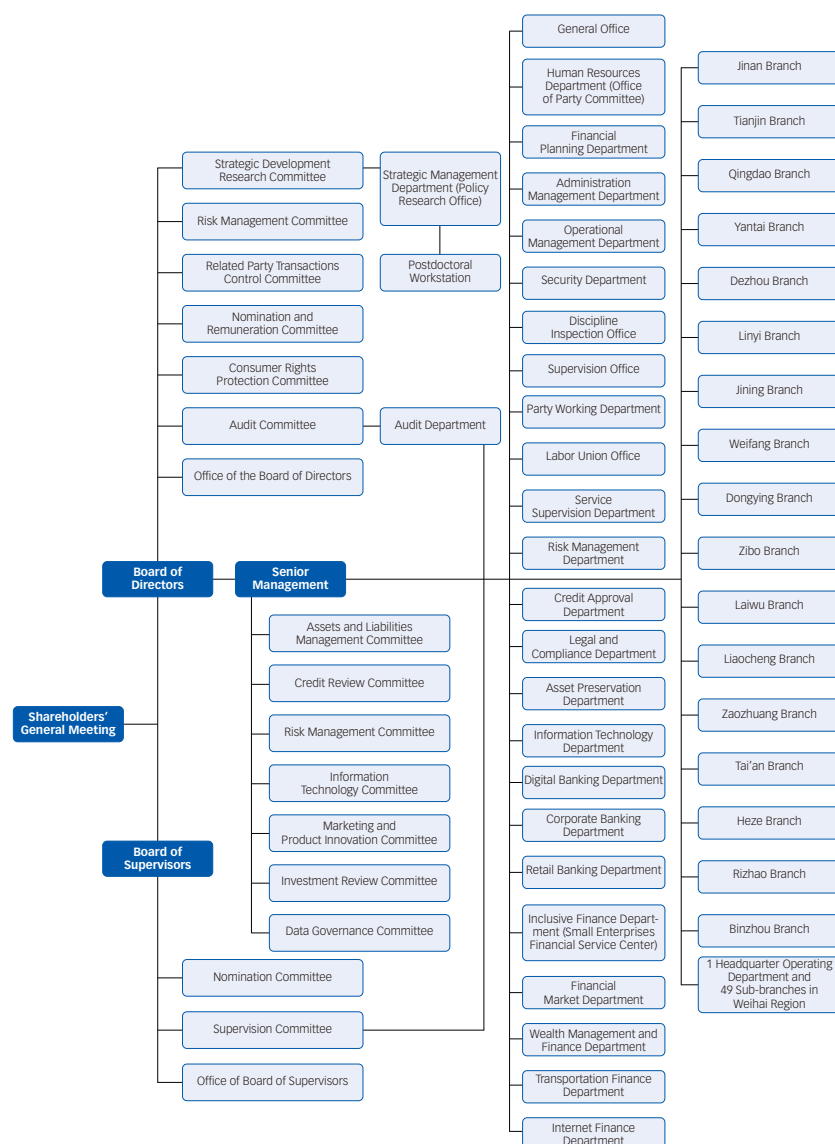
8. COMPLIANT OPERATION AND RISK MANAGEMENT

The Bank is well aware that compliant operation and stringent risk management are critical to its stable and sound operation, so that the Bank attaches great importance to compliance and risk management. In addition to a sound corporate governance structure and risk management system in place, the Bank keeps enhancing its systems and measures against corruption and money laundering, coupled with enhanced management of suppliers to ensure its robust operation.

8.1 ENHANCING CORPORATE GOVERNANCE

Based on the development requirements for modern joint stock commercial banks, the Bank has established a corporate governance structure comprised of the Board of Directors, the Board of Supervisors, the Shareholders' General Meeting and the Senior Management that features clear delineation of authority and responsibility, respective performance of functions, independent operation as well as checks and balances. Meanwhile, as the Bank continued to deepen the improvement of its management system, reinforce its system construction and promote the in-depth integration between Party building and its businesses, the Bank has shaped a modern corporate governance system for commercial banks with Chinese characteristics by combining Party leadership with improvement of corporate structure, which gives full play to the Party's core functions and improves corporate governance.

Set out below is a chart of the Bank's management structure:



8. Compliant Operation and Risk Management

8.1 ENHANCING CORPORATE GOVERNANCE (CONT'D)

As the highest organ of authority, the Shareholders' general meeting is held annually in strict accordance with relevant regulations. Shareholders exercise normatively their voting rights and engage in major decision-making at the general meetings of Shareholders. The Board is the decision-making body of the Bank and consists of 15 directors, including 5 executive Directors, 5 non-executive Directors and 5 independent non-executive Directors. Under the Board are six special committees, namely, Strategic Development Research Committee, Risk Management Committee, Related Party Transactions Control Committee, Nomination and Remuneration Committee, Consumer Rights Protection Committee and Audit Committee, whose members are Directors. The Related Party Transactions Control Committee, Nomination and Remuneration Committee and the Audit Committee are headed by independent non-executive Directors. The Bank's Board and special committees are responsible to formulate strategic plans, regularly review the financial position, risk management, related party transactions and internal control of the Bank, and make timely decisions on major issues. Independent directors are responsible to give objective and fair independent opinions on major related party transactions as well as the appointment and dismissal of Directors and senior management.

The Board of Supervisors comprises nine Supervisors, including three employee Supervisors, three external Supervisors and three Shareholder Supervisors. Under the Board of Supervisors are the Supervision Committee and the Nomination Committee, both headed by external Supervisors. The Board of Supervisors regularly assesses the performance of Directors and senior management and conducts regular review and assessment of decision-making, management and performance procedures, so as to ensure compliance with laws and regulations, protect the interests of the Bank and Shareholders and continuously improve the effectiveness of supervision.

The senior management of the Bank carries out business activities within the scope of their powers. The Bank has established an organizational structure with separate front, middle and back offices with effective checks and balances. It also implements a three-tier management model of "Head Office – Branch – Sub-branch". A more comprehensive and systematic regime has been shaped that covers various business processes and critical risk points of the Bank. The senior management regularly reports to the Board of Directors and accepts the supervision from the Board of Supervisors, strictly implements the resolutions of the Board of Directors, carries out business activities in accordance with the Articles of Association and the authorization of the Board of Directors, and ensures that the Bank's operations comply with the development strategies, risk preference and other policies of the Board.

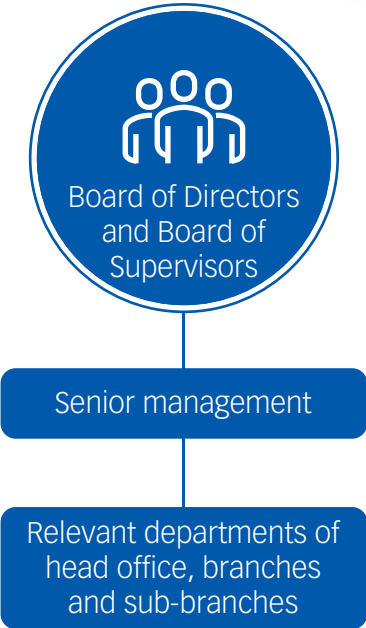
8.2 STRINGENT RISK MANAGEMENT

The Bank has established a consummate risk management system to achieve the coordinated development of quality, efficiency and scale. To this end, the Bank formulated the "Risk Management Outline (《風險管理大綱》)" and continuously optimized the independent and balanced risk management mechanism and processes. Furthermore, the Bank clearly established the organizational structure for the Bank's risk management, departmental responsibilities and risk management regulations, with a view to comprehensively standardizing the Bank's risk management and such acts and effectively preventing risks. The Bank has built a centralized and vertical risk management system for its future development strategies, regulated the synergy and mutual restriction of its front, middle and back offices, so as to establish and constantly improve the risk management system across the Bank.



8. Compliant Operation and Risk Management

8.2 STRINGENT RISK MANAGEMENT (CONT'D)



The organizational structure of the Bank’s risk management covers all relevant departments of the Board of Directors, the Board of Supervisors, senior management, relevant departments of the Head Office, branches and sub-branches, each of which has different responsibilities of risk management. The Board of Directors, as the Bank’s highest decision-making body for risk management, supervises the risk management by senior management and the relevant departments of the Head Office, branches and sub-branches, and bears the responsibility for overall risk management and final decision-making. The Bank has prepared a range of risk management methods and procedures to effectively identify, evaluate, monitor, control and report various risks such as credit risk, market risk, liquidity risk, information technology risk, legal risk, compliance risk, reputational risk and climate change risk to timely and properly manage material risks (if any), avoid impeding business operation and promote continued healthy growth of various businesses.



8. Compliant Operation and Risk Management

8.2 STRINGENT RISK MANAGEMENT (CONT'D)

In order to improve its governance framework, the Bank will also be more proactive in establishing a more comprehensive internal control and ESG risk management systems to identify, assess and manage significant ESG risks and opportunities. For details on ESG risk management, please refer to the "Risk Management" set out in the section headed "Management Discussion and Analysis" of the annual report.

8.3 OPERATING WITH INTEGRITY AND COMPLIANCE

The Bank has established a management system to fight corruption and money laundering and protect intellectual property rights as well as measures for control and supervision, to ensure that the Bank conducts business with integrity and compliance.

Anti-corruption

The Bank strictly complies with the Criminal Law of the PRC (《中華人民共和國刑法》), the Supervision Law of the PRC (《中華人民共和國監察法》) and other relevant laws and regulations. The Bank strives to create an atmosphere of integrity and promote the construction of integrity culture through establishing a coordination group for Party integrity development and anti-corruption work, enhancing supervision and management, strengthening education and training, and providing smooth reporting channels. During the Reporting Period, the Bank did not encounter any lawsuits involving corruption, bribery, extortion, fraud and other violations of laws and regulations.

Establishing a coordination group for Party integrity development and anti-corruption work

- The Bank assisted the Party Committee of the Bank in coordinating and fostering Party integrity development and anti-corruption work and promoting the Bank's in-depth implementation of full and strict Party self-governance.
- The Bank convened a meeting of the coordination group for Party integrity development and anti-corruption work every six months to communicate the issues and situations found daily among functional departments or offices such as audit, finance, legal affairs, credit and discipline inspection, to provide more targeted and serious supervision, forge supervisory synergy and enhance governance effectiveness.

Enhancing supervision and management

- The Bank formulated the Integrity Talk Work Plan (《廉政談話工作方案》) to establish the concept that "those who manage business shall manage integrity (管業務必管廉政), and intensified the daily supervision, management and education of the leadership of Party committees at the same level and the heads of branches and sub-branches.
- The Bank formulated the Opinions on Further Promoting the Construction of Integrity Risk Prevention and Control System (《關於進一步推進廉政風險防控體系建設的意見》), carried out integrity risk screening in a more practical, refined and stringent manner, and regulated the restriction and supervision mechanism for the exercise of power.
- The Bank formulated the Interim Measures for Replying to the Opinions on Party Integrity (《黨風廉政意見回覆工作暫行辦法》), made 164 replies to the opinions on party integrity, and strictly controlled the politics and integrity of personnel to be promoted and awarded.
- The Bank formulated the Interim Measures for Managing Cadre Integrity Archives (《幹部廉潔檔案管理暫行辦法》) and improved integrity archives for cadres by levels and category, laying a solid foundation for daily supervision of basic information on cadre integrity.

8. Compliant Operation and Risk Management

8.3 OPERATING WITH INTEGRITY AND COMPLIANCE (CONT'D)

Anti-corruption (CONT'D)

Strengthening education and training

- The Bank formulated the Management Measures on Conduct of Employees (《從業人員行為管理辦法》), the Code of Conduct for Employees (《從業人員行為守則》) and the Fifteen Prohibitions on the Conduct of Employees (《員工行為十五項禁令》), aiming to strengthen the management of employee behaviors, regulate the performance of employees, enhance the quality of employees, and create a sound integrity culture for the safe, stable and healthy development of the Bank.
- The Bank formulated the “Staff Misconduct Investigation and Management Procedures (《員工失範行為排查管理程序》)”, which stipulates clear inspection requirements and refined investigation methods to improve the inspection and management mechanism for employee behaviors.
- The Bank reinforced warning education and training. The Bank organized to watch warning education films, carried out warning education activities on “Mirroring Discipline Cases” (以案為鑑 以案明紀), organized to learn the “Ten Questions and Answers on Daily Discipline” (《身邊的紀律“十問十答”》), and promoted educating the people around with nearby cases. As such, the Bank guided the cadres and employees to consciously abide by the Party disciplines and regulations, keep in mind the red line of disciplines and regulations, enhance the awareness of rules, and build the awareness of integrity and compliance.
- In order to further promote the construction of Party conduct and integrity and the anti-corruption work, the Bank reinforced the education on ideals, beliefs and integrity to guide their awareness of the cadres and employees in observing rules and regulations, advocating morality and integrity. Two special lectures on Party disciplines and rules are held every year. In April 2022, the Bank organized online lectures on Party discipline and rules for Directors.

Providing smooth reporting channels

- The Bank formulated the “Petition-letter Whistleblowing Management Procedures (《信訪舉報管理程序》)” to regulate the responsibilities, operating procedures and channels of relevant departments for petition-letter whistleblowing.
- The Bank formulated the “Implementation Rules for the Work Accountability System on Petition-letter Whistleblowing (《信訪舉報工作責任制實施細則》)” to provide clear regulations on the acceptance, processing and time limit on petition-letter whistleblowing matters.
- The Bank has designated a special telephone number and email address for whistle-blowing. Whistle-blowing channels include visits, letters, emails and telephone calls. Whistle-blowing can be made in real name or anonymously, wherein the real-name whistle-blowing is preferred.
- If the report is deemed to be true after investigation, the cases suspected of a crime will be transferred to the judicial authority for handling in accordance with the law.



8. Compliant Operation and Risk Management

8.3 OPERATING WITH INTEGRITY AND COMPLIANCE (CONT'D)

Anti-money Laundering

The Bank strictly complies with the Anti-money Laundering Law of the PRC (《中華人民共和國反洗錢法》), the Guidelines for the Management of Money Laundering and Terrorist Financing Risks of Legal Person Financial Institutions (Trial) (《法人金融機構洗錢和恐怖融資風險管理指引(試行)》), the Measures for the Supervision and Administration of Combating Money Laundering and Financing of Terrorism by Financial Institutes (《金融機構反洗錢和反恐怖融資監督管理辦法》) and other laws and regulations, and has formulated and implemented anti-money laundering measures to build an efficient, orderly and robust system for the compliance management of anti-money laundering.

Anti-money Laundering Management System

In order to lead, manage and coordinate the anti-money laundering work across the Bank and make decisions on major anti-money laundering matters which may affect the whole bank, the Bank set up an anti-money laundering work leading group at the Head Office to lead, manage and coordinate the Bank's anti-money laundering work and make decisions on major anti-money laundering matters for the Bank. The office of the work leading group is set in the Legal and Compliance Department and serves as the working body of the work leading group and the leading management department for anti-money laundering work.

Anti-money Laundering Control

The Bank formulated the "Money Laundering and Terrorist Financing Risk Assessment and Customer Classification Management Procedures (《洗錢和恐怖融資風險評估及客戶分類管理程序》)" to establish and assess the criteria, classification and monitoring requirements for customer classification management, which will help reasonably determine customers' money laundering risk levels, prevent money laundering and terrorist financing activities, and enhance the effectiveness of anti-money laundering and anti-terrorist financing.

Anti-money Laundering Training

In order to standardize the content and standards of anti-money laundering training and enhance the awareness of anti-money laundering, the Bank formulated the "Anti-Money Laundering Work Assessment Management Procedures (《反洗錢工作考核管理程序》)".

Intellectual Property Protection

The Bank respects intellectual property rights, formulates the "Measures for the Administration of Intellectual Property Rights" (《知識產權管理辦法》) pursuant to the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) as well as other relevant laws and regulations, and carries out intellectual property protection and management, so as to ensure that it has rules to follow during intellectual property protection. The Bank clarifies the division of responsibilities for intellectual property management of relevant departments. The Legal and Compliance Department comprehensively works on the management of intellectual property rights across the Bank. Externally, the Bank monitors the circumstances involving intellectual property rights to prevent infringement upon others' intellectual property rights, and ensures that various software as used have been legally authorized; and internally, the Bank applies for, monitors and maintains its own intellectual property rights such as patents, trademarks and copyrights, and defends its rights against infringement upon intellectual property rights through litigation according to law.

8. Compliant Operation and Risk Management

8.4 SUPPLIER MANAGEMENT

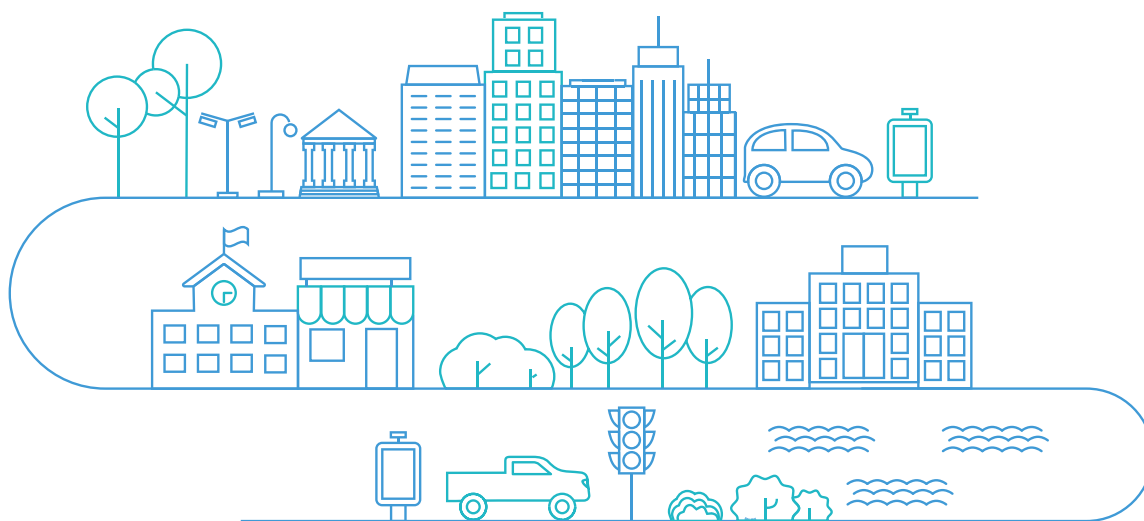
The Bank attaches great importance to environmental and social risk management in the supply chain. In accordance with the PRC Law on Bidding (《中華人民共和國招標投標法》) and the Interim Provisions on Centralized Procurement Management of State-owned Financial Enterprises (《國有金融企業集中採購管理暫行規定》) and other relevant laws and regulations, the Bank has formulated policies such as the Centralized Procurement Management Measures (《集中採購管理辦法》), the Bidding Management Measures (《招標投標管理辦法》) and the Regulations on Managing Non-Tendering Procurement (《非招標方式採購管理辦法》) that are applicable to the Bank in line with the principles of openness, equity, fairness and good faith. In order to manage the potential environment and social risks of suppliers and prevent affecting the business operation of the Bank, the Bank has established unified procurement standards and procedures for external suppliers which require suppliers to meet compliance requirements.

A practical management process was adopted by the Bank to manage the environmental and social risks of suppliers. In addition to the business reputation, creditworthiness, financial status and quality of suppliers, the Bank will also consider the environmental and social performance of suppliers, such as complying with the laws and regulations of the places where it operates in respect of employment and labor standards, health and safety, and integrity. To ensure that its suppliers pay attention to their environmental and corporate social responsibility, the Bank requires those suppliers to comply with all applicable laws and regulations, protect the environment, and meet employment and labor guidelines, occupational health and safety and integrity requirements. The selected suppliers are required to prevent child labor and forced labor and secure legal working qualifications for all employees. When the supplier's behavior is found to be inconsistent with the policies of the Bank, the Bank will stop cooperation with such supplier.

To minimize its impact on the environment, the Bank has established a "Green Procurement Policy (《綠色採購政策》)", under which it must comply with all applicable environmental protection laws, regulations and requirements when procuring products and services. The Bank will prioritize the procurement of energy-efficient and environmentally-friendly products and services in feasible and cost-effective conditions. The Bank strictly stipulates that all bidding units and personnel must be law-abiding, self-disciplined and honest, with no favoritism or irregularities.



The Bank had a total of 172 major suppliers for its Head Office, including 51 from Shandong Province and 121 outside Shandong Province, who provided the Head Office with products and services covering system construction, computer hardware equipment, security, daily office, outlet decoration.



APPENDIX I: KPI DATA TABLE

Environmental Performance ²	Unit	2022
Air Emissions^{3, 4}		
Nitrogen oxides (NO _x)	kg	73.65
Sulphur oxides (SO _x)	kg	0.18
Particulate matter (PM)	kg	7.06
Greenhouse Gas Emissions⁵		
Direct greenhouse gas emissions (Scope 1) ⁶	tonne of CO ₂ e	34.34
Indirect greenhouse gas emissions (Scope 2) ⁷	tonne of CO ₂ e	148.23
Total greenhouse gas emissions (Scopes 1 and 2)	tonne of CO ₂ e	182.57
Greenhouse Gas Emissions Intensity		
Greenhouse gas emissions intensity (area)	tonne of CO ₂ e/m ²	0.03
Greenhouse gas emissions intensity (person)	tonne of CO ₂ e/staff	0.40
Energy Consumption		
Total electricity consumption	kWh	255,135.00
Total electricity consumption intensity (area)	kWh/m ²	47.83
Total electricity consumption intensity (person)	kWh/staff	555.85
Gasoline consumption by vehicles	liter	12,158.00

² The scope of environmental data includes the Bank's head office.

³ Air emissions from the vehicles of the Bank.

⁴ Calculated using the emission factors in the Appendix II "Reporting Guidance on Environmental KPIs" published by the Stock Exchange.

⁵ The calculation is made by reference to the Greenhouse Gas Protocol published by the World Resources Institute and the World Business Council for Sustainable Development.

⁶ The direct greenhouse gas emissions were generated from the sources owned and controlled by the Bank.

⁷ The indirect greenhouse gas emissions were caused by electricity generation, heating and cooling.

Appendix I: KPI Data Table

Environmental Performance ²	Unit	2022
Water Consumption		
Total water consumption	m ³	2,304.00
Total water consumption intensity (area)	m ³ /m ²	0.43
Total water consumption intensity (person)	m ³ /staff	5.02
Hazardous Waste		
Generation of used computers	unit	50
Recycling of used computers	unit	50
Generation of used toner cartridges/ink boxes	unit	602
Recycling of used toner cartridges/ink boxes	unit	602
Generation of used batteries	unit	128
Recycling of used batteries	unit	128
Non-hazardous Waste		
Generation of non-hazardous waste	kg	340.36
Non-hazardous waste intensity (person)	kg/staff	0.74
Recycling of non-hazardous waste	kg	136.14
Paper Consumption		
Paper consumption	tonne	4,252.50
Paper consumption intensity (person)	tonne/staff	9.26

Appendix I: KPI Data Table

Social Performance ⁸	Unit	2022
All staff	person	3,259
Total Number of Staff (by Gender)		
Female staff	person	1,836
Male staff	person	1,423
Total Number of Staff (by Age Group)		
Aged below 30	person	655
Aged 30-50	person	2,453
Aged over 50	person	151
Total Number of Staff (by Staff Category)		
Entry-level staff	person	2,363
Middle management	person	886
Senior management	person	10
Total Number of Staff (by Geographical Region⁹)		
Staff from Shandong Province	person	3,006
Staff outside Shandong Province	person	253
Staff Turnover Rate¹⁰ (by Gender)		
Female staff	percentage	5.70
Male staff	percentage	7.10

⁸ The scope of social data includes the entire group.

⁹ This year, the total number of staff by geographical region is staff from Shandong Province and staff outside Shandong Province.

¹⁰ Calculation method: number of staff turnover in this category ÷ number of staff in this category at the end of the year × 100%.

Appendix I: KPI Data Table

Social Performance ⁸	Unit	2022
Staff Turnover Rate (by Age Group)		
Aged below 30	percentage	10.00
Aged 30-50	percentage	5.70
Aged over 50	percentage	0
Staff Turnover Rate (by Geographical Region¹¹)		
Staff from Shandong Province	percentage	6.20
Staff outside Shandong Province	percentage	7.90
Percentage of Staff Trained¹² (by Gender)		
Female staff	percentage	100
Male staff	percentage	100
Percentage of Staff Trained (by Staff Category)		
Entry-level staff	percentage	100
Middle management	percentage	100
Senior management	percentage	100

¹¹ This year, staff turnover rate by geographical region is the rate from Shandong Province and the rate outside Shandong Province.

¹² This year, the calculation method of percentage of staff trained: number of staff trained in this category ÷ total number of staff in this category x 100%.

Appendix I: KPI Data Table

Social Performance ⁸	Unit	2022
Average Number of Training Hours Per Staff¹³ (by Gender)		
Female staff	hour	40
Male staff	hour	40
Average Number of Training Hours Per Staff (by Staff Category)		
Entry-level staff	hour	40
Middle management	hour	40
Senior management	hour	40
Occupational Health and Safety		
Work-related fatalities in the past 3 years (including the current year)	person	0
Rate of work-related fatalities in the past 3 years (including the current year)	percentage	0
Lost days due to work-related injuries	day	0
Anti-corruption		
Number of concluded legal cases regarding corrupt practices brought against the Bank or staff	case	0

¹³ Calculation method: total number of training hours of employees trained in this category ÷ total number of employees in this category

APPENDIX II: HKEX ESG REPORTING GUIDE INDEX

Indicator Content		Respective Section	
A. Environmental Areas			
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.	3.2 Green and Low-carbon Operations
	A1.1	The types of emissions and respective emissions data.	Appendix I: KPI Data Table
	A1.2	Greenhouse gas emissions in total and intensity.	Appendix I: KPI Data Table
	A1.3	Total hazardous waste produced and intensity.	Appendix I: KPI Data Table
	A1.4	Total hazardous waste produced and intensity.	Appendix I: KPI Data Table
	A1.5	Description of the emissions target(s) set and the steps taken to achieve them.	3.2 Green and Low-carbon Operations
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	3.2 Green and Low-carbon Operations
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	3.2 Green and Low-carbon Operations
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity.	Appendix I: KPI Data Table
	A2.2	Water consumption in total and intensity.	Appendix I: KPI Data Table
	A2.3	Description of the energy use efficiency target(s) set and steps taken to achieve them.	3.2 Green and Low-carbon Operations
	A2.4	Description of whether there are any matters in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	3.2 Green and Low-carbon Operations The water consumed in the offices of the Bank is supplied by the municipal government, and there is no issue in sourcing water that is fit for purpose
	A2.5	Total packaging material used for finished products and proportion of per unit produced.	Not applicable, as the Bank's business does not involve packaging materials

Appendix II: HKEX ESG Reporting Guide Index

Indicator Content		Respective Section	
A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	3. Green Concept Practice
	A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them.	3. Green Concept Practice
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.	3.3 Tackling Climate Risks
	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.	3.3 Tackling Climate Risks
B. Social Areas			
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.	7.1 Protecting Employees' Rights and Interests
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix I: KPI Data Table
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: KPI Data Table
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.	7.3 Ensuring Employee Health
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	7.3 Ensuring Employee Health Appendix I: KPI Data Table
	B2.2	Lost days due to work injury.	7.3 Ensuring Employee Health Appendix I: KPI Data Table
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	7.3 Ensuring Employee Health

Appendix II: HKEX ESG Reporting Guide Index

Indicator Content			Respective Section
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	7.2 Focusing on Employee Training
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, and middle management).	Appendix I: KPI Data Table
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: KPI Data Table
B4: Labour 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 labour.	7.1 Protecting Employees' Rights and Interests
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	7.1 Protecting Employees' Rights and Interests
	B4.2	Description of steps taken to eliminate such practices when discovered.	7.1 Protecting Employees' Rights and Interests
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	8.4 Supplier Management
	B5.1	Number of suppliers by geographical region.	8.4 Supplier Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	8.4 Supplier Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	8.4 Supplier Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	8.4 Supplier Management

Appendix II: HKEX ESG Reporting Guide Index

Indicator Content		Respective Section	
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.	5. Prioritizing Quality Service
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable, as the Bank's business does not involve product recall
	B6.2	Number of products and service related complaints received, and how they are dealt with.	5.1 Improving Service Quality
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	8.3 Operating with Integrity and Compliance
	B6.4	Description of quality assurance process and recall procedures.	Not applicable, as the Bank's business does not involve quality assurance and product recall
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	5.2 Protecting Customers' Privacy
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.	8.3 Operating with Integrity and Compliance
	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.	8.3 Operating with Integrity and Compliance
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	8.3 Operating with Integrity and Compliance
	B7.3	Description of anti-corruption training provided to directors and staff.	8.3 Operating with Integrity and Compliance
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates, and to ensure that its activities take into consideration the communities' interests.	6. Performing Social Responsibility
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sports).	6. Performing Social Responsibility
	B8.2	Resources contributed to the focus areas.	6. Performing Social Responsibility



No. 9 Baoquan Road, Weihai City,
Shandong Province, the PRC
(86)40000-96636 www.whccb.com