

CZBANK  浙商银行

**CZBank Co., Ltd.**  
**2023 Social Responsibility Report**

**March 2024**

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## About the Report

Representing the Board of Directors, it is of our consensus that the content presented within this Report is devoid of any instances of falsified information, misrepresentation or significant omissions. We are in discerned agreement that each member of the Board stands both individually and collectively responsible for the veracity, precision, and comprehensiveness of this document's contents.

### Scope

Organizational coverage: This Report primarily focuses on China ZheshangBank Co., Ltd. ("CZBank") while incorporating a portion of its subsidiary entities. Within this document, the terms "CZBank", "our Bank", "the Bank", and "we" are all used to designate China ZheshangBank Co., Ltd. for the sake of linguistic simplicity.

Reporting period: This Report presents information spanning from January 1, 2023 to December 31, 2023. Certain information included herein may extend beyond this specified period.

Publication frequency: It is published on a yearly basis coinciding with the financial year. The immediate previous annual report was released in March 2023.

The financial data in this Report were drawn from the *2023 CZBank Annual Report* which has undergone a thorough audit. Other data are brought forth from the internal documents of CZBank and associated statistics. There are instances where content and data have been retroactively drawn from pre-existing years for reference and consistency.

### Basis of Preparation

This report is prepared in accordance with relevant requirements set forth in the *Opinions on Strengthening the Social Responsibility of Banking Financial Institutions and Measures for the Supervision and Evaluation on the Protection of Consumer Rights and Interests of Banking and Insurance Institutions* issued by National Financial Regulatory Administration (the former China Banking and Insurance Regulatory Commission (CBIRC), China Banking Association's *Guidelines for Corporate Social Responsibility of China's Banking Financial Institutions*, Shanghai Stock Exchange (SSE)'s *Notice on Strengthening Listed Companies' Assumption of Social Responsibility* and the *Guidelines on Listed Companies' Environmental Information Disclosure, Guidelines No. 1 of Shanghai Stock Exchange on Self-regulation of Listed Companies - Compliant Operation*, Hong Kong Stock Exchange (HKEx)'s *ESR Reporting Guidelines*, and also complies with *ISO 26000:2010, Guidance on Social Responsibility* released by the International Standardization Organization(ISO), GRI (Global Reporting Initiative) Standards, UN Sustainable Development Goals (SDGs), MSCI ESG ratings and S&P Global Corporate Sustainability Assessment (CSA), etc.

## **Reporting Principles**

- Principle of Materiality: This Report has been generated from in-depth online stakeholder surveys, data analysis, and additional research. It focuses on identifying and addressing material ESG (Environmental, Social, and Governance) issues that have a direct impact on CZBank's sustainable development. A detailed process and results of the materiality analysis are documented within.
- Principle of Quantitative: This Report openly presents a comprehensive quantitative assessment of CZBank's ESG key performance.
- Principle of Consistency: This Report aims to maintain uniformity with the indicators utilized across differing reporting periods. In case of any changes to the indicators, they are explicitly explained to track and understand the performance trends effectively.
- Principle of Balance: The content of this Report offers an objective representation of facts, disclosing both positive and negative performance indicators in a balanced manner.

## **Currency**

All monetary values presented in this Report are denominated in RMB, unless expressly stated otherwise.

## **Assurance**

To guarantee the authenticity and reliability of this Report, it has been submitted to Ernst & Young Hua Ming LLP (Special General Partnership) for third-party assurance. This submission adheres to the *International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. Ernst & Young Hua Ming LLP provides independent assurance reports and statements, which are detailed in the *Independent Assurance Report*.

## **Language**

This Report is available in Simplified Chinese, Traditional Chinese and English versions. If there is any discrepancy, the Simplified Chinese version shall prevail.

## **Release Form**

This Report is released electronically.

This Report is available at <http://www.czbank.com/>; <http://www.hkex.com.hk/>.

## Overview

2023 marked not only the outset of fully implementing the guiding principles of the 20th CPC National Congress on all fronts, but also a landmark year for CZBank as we carried out a profound transformation, consolidating our foundation, and progressing to a new level. Reflecting on the year, CZBank carved a niche for itself as a pillar catering to the real economy while acting as an anchor for financial stability. We achieved substantial results in the theoretical and practical exploration of the unique area of “ethics finance”, substantially upgraded our intelligent management capabilities, and significantly enhanced our corporate culture and social standing. We were active participants in facilitating the seamless operation of the Asian Games, promoting the construction of a demonstration zone for shared prosperity, and propelling the Chinese-style modernization.

**Creating a “first-class commercial bank” with an unmatched corporate ecosystem in a strong political framework.** Our unwavering emphasis on political building enabled us to fuse the Party’s overall leadership with corporate governance seamlessly, paving the way for our three-year goal of developing a “Financial Enterprise Party Building Model”. Our assets had a steady growth in 2023, reaching a new zenith of RMB3 trillion, with our operational performance leading the industry and our asset quality stabilizing further. Assets less sensitive to economic cycles were further reinforced, enabling us to weather through cycles and improve intelligence capacities. We successfully brought strategic investors onboard while executing a double A+H share placement. The *Banker* magazine ranked CZBank 87th by Tier 1 capital on the list of Top 1000 World Banks 2023, acknowledging our presence among the top 100 global banks for an uninterrupted six-year period. We also upheld an ESG rating of “A” by MSCI for two consecutive years.

**Focusing on five business sectors in line with key national strategies and people’s benefits.** Always conscious of the crucial role of finance in ensuring national strength, we seriously implemented the crucial decisions and arrangements of the CPC Central Committee, the Zhejiang Provincial Party Committee, and the Provincial Government. Always rooted in serving the real economy, we refined our primary responsibilities and core businesses, continually enhancing the quality and efficiency of serving the real economy’s key areas and weaker links. To effectively service national strategies and people’s benefits,

we concentrated efforts in the five sectors of technology finance, green finance, inclusive finance, pension finance and digital finance. By the end of 2023, our loans and advances issued totaled RMB1.71624 billion, marking a rise of 12.54% since the year's outset. Of these, financing services in Zhejiang Province accounted for over RMB900 billion, with the balance of inclusive loans for micro and small enterprises standing at RMB320.128 billion, of manufacturing loans at RMB265.150 billion, and of sci-tech innovation financing at RMB204.126 billion.

**Pioneering “ethics finance” as an effort to redefine the purpose of finance.** From the perspective of social values, we proposed and vigorously promoted the idea of “ethics finance”, carving out a fresh paradigm of Chinese-style financial services. To further our exploration, we ventured into constructing a financial advisory system and a regional comprehensive financial service demonstration zone. Our professional team of over 3,400 members across 93 financial advisory studios has extended financing exceeding RMB550 billion to more than 80,000 companies. We incorporated the gene of ethics into financial service scenarios, developed the CZBank Ethics Standard, established the Charitable Capital Alliance, and launched the Charitable Trusts Program, helping entrepreneurs realize social value and growth. Moreover, we encouraged employee engagement in charity, and have set up 11 Charity Studios. These studios actively participated in the “One Bank for One School” Program, CZBank Agricultural Support Program, and other charity activities. Our annual donation amounted to RMB22.7051 million, fostering a positive culture of giving.

**Actively addressing climate change to promote green, sustainable development.** We've integrated green and sustainability considerations into our products and services, risk management, and performance evaluation. We issued *the Measures of CZBank for Environmental, Social, and Governance Risk Management*, clearly incorporating biodiversity protection, energy conservation and emissions reduction into our risk assessment standards. Regular climate risk stress tests were carried out to thoroughly bolster risk management. In addition, we continually enhanced our array of green and sustainable financial products in sectors like credit, bonds, wealth management and investments, directing resources into clean energy and environmentally friendly industries. As of the end of 2023, green loan balance stood at RMB203.436 billion, marking an increase of 39.41% from the start of the year, a growth rate surpassing other bank-wide loans. We facilitated the issuance of green and blue

bonds, realizing a financing scale of RMB3.153 billion. Furthermore, we reinforced our green and low-carbon approach to infrastructure and operations, and deepened our commitment to digital transformation, achieving an online transaction conversion rate of over 99%.

**Catering to the needs of stakeholders to cultivate a win-win situation by giving back to society with higher responsibility.** We are keenly aware of the expectations of shareholders, investors, customers, employees and the community. To further enhance branch network management and services, we've established 90 Senior Service Stations nationwide, which, together with our other efforts, made us a “Leader” in aligning outlet service with national standards for the fourth year in a row. Our improved customer complaint management and privacy protection systems proved effective, pushing our customer satisfaction rate of the 95527 hotline service to a remarkable 99.84% and our complaint handling ratio to 100%. We specially issued 15 provisions to assist corporate and individual customers, reducing their costs by RMB470 million, including fees reduced and profits surrendered by us. In managing human resources, we acquired a number of exceptional young talents through both external and internal channels, created efficient systems for employee career development, and fostered communication channels by, for example, updating the “Hive Community”. As for employee care, we diligently enforced the holiday and family visitation policies, and helped foster healthy and affirming familial ties, holistically enhancing our commitment to employee welfare.

Looking ahead, we're enthusiastically charting a new course. The year 2024 stands as a crucial juncture for the realization of the goals set forth in the “14th Five-Year Plan”, and also marks the 20th anniversary of CZBank. Putting the benefits of people at the heart of finance, we are firmly devoted to exercising our economic, environmental, and social responsibilities, providing a potent catalyst for propelling China's unique process of modernization.

## **Board Statement**

The Board of Directors of CZBank plays a pivotal role in overseeing and making decisions on material ESG issues for the Bank. This includes setting ESG development goals, crafting strategic ESG plans, examining material ESG issues, and overseeing the progress of ESG initiatives. The Board also ensures compliance with ESG requirements set forth by regulators for listed companies.

**Enhancing the oversight of ESG initiatives.** The Board of Directors is tasked with monitoring the advancement of ESG initiatives bank-wide. The Board's office actively tracks the execution of proposals, stays updated on progress, and compiles specialized reports for the Board. This process ensures that ESG objectives are intricately linked to the Bank's business operations. In 2023, all entities involved in ESG governance at CZBank performed their duties efficiently, ensuring the effective implementation of the Bank's ESG development plans.

**Defining a clear ESG management policy.** The Board pays close attention to ESG-related decision-making and progress in areas like strategic planning, supporting the real economy, fostering green finance, and protecting consumer rights. Through regular engagement and surveys with stakeholders, the Board identifies key ESG tasks for the year and monitors their implementation. In 2023, to augment the Bank's ESG efforts, the Strategy Committee within the Board was renamed as the "Strategy and Sustainable Development Committee". Simultaneously, the committee's procedural rules were revised to better delineate its ESG responsibilities, thereby guiding and overseeing the continuous enhancement and refinement of the Bank's management systems related to ESG.

**Reviewing ESG progress.** In 2023, the Board and its special committees approved a series of ESG-related documents, such as the *CZBank CSR Report 2022*, the *CZBank Green Finance Report 2022*, the *CZBank Consumer Protection Report 2022 and Plan for 2023*, and the *CZBank Anti-Money Laundering and Anti-Terrorist Financing Report 2022*. They also expressed systematic suggestions and requirements on the Bank's ESG measures.



## About Us

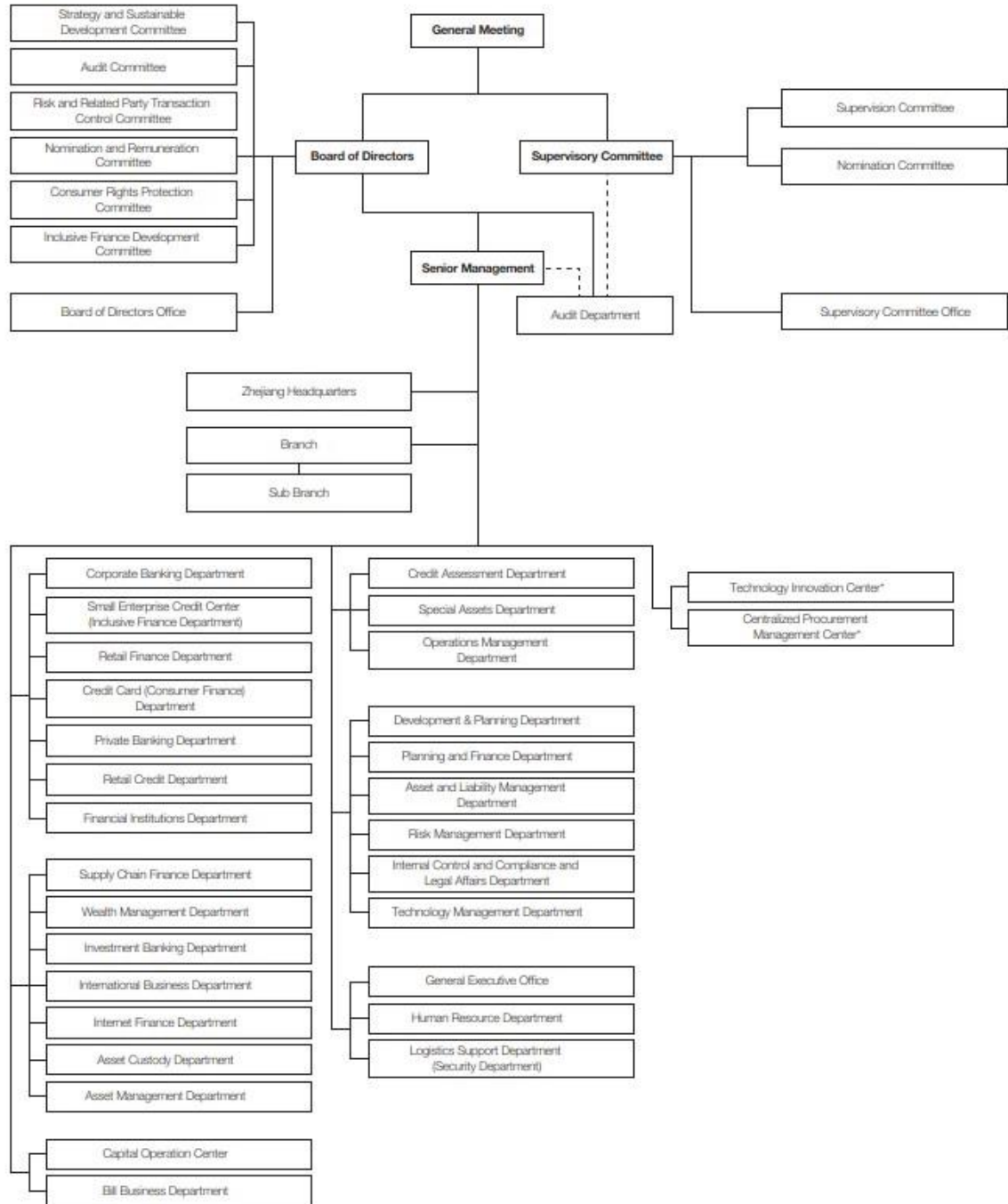
### I. Company Profile

ChianZheshangBank Co., Ltd. (“CZBank”) is one of the 12 nationwide joint-stock commercial banks in China. Headquartered in Hangzhou, Zhejiang Province, CZBank officially opened for business on August 18, 2004 and is the 13th A+H share listed bank in China. Since its incorporation, CZBank has expanded its business from Zhejiang to the rest of China, and now stands as a high-quality commercial bank known for its robust foundations, excellent performance, and impeccable risk control measures.

Driven by the vision of becoming a “First-Class Commercial Bank” rooted in Zhejiang, CZBank fosters a political atmosphere epitomizing “positivity, simplicity, professionalism, coordination, and integrity”, and keeps on progressing in line with the corporate spirit of “do and do it right”. Under the guiding principles of “laying robust foundations, adjusting structure, controlling risks, and embracing innovation”, we’ve deepened our digital transformation, promoted the integrated development of five primary business sectors: retail banking, corporate banking, investment banking, asset management, and overseas banking, and upgraded wealth management service. To win the four major “battles” of “mitigating risks, expanding revenue, stabilizing stock prices, and attracting strategic investments”, we’ve built a robust foundation of assets that are less sensitive to economic cycles, enhanced our comprehensive financial service capabilities, and developed extensive risk control and supervision systems. This all-round strategy marks the commencement of our journey towards high-quality growth.

As of the end of 2023, CZBank had set up 342 branches in 22 provinces/autonomous regions/municipalities and the Hong Kong Special Administrative Region. It ranked 87th by Tier 1 capital and 84th by total assets on the list of Top 1000 World Banks 2023 published by *The Banker*. CZBank was rated as “investment grade” by S&P (BBB-) and Moody’s (Baa3), the highest “AAA” by CCXI and China Lianhe Credit Rating Co., Ltd.

## II. Organizational Structure



Note: Institutions marked with \* are directly under the head office.

### III. Responsible Management

#### (I) Corporate Culture

CZBank’s “pyramid” corporate culture system consists of three levels from top to bottom: “Foundation of Culture”, “Content of Culture” and “Purpose of Culture”.

<b>Foundation of Culture</b>	
<ul style="list-style-type: none"> <li>● Corporate spirit - Ethical, Beneficent, Inclusive</li> <li>● Shared values - Reverence, Gratitude, Integrity, Responsibility</li> </ul>	
<b>Content of Culture</b>	
<ul style="list-style-type: none"> <li>● Cultural brand - Action, Belief, Future</li> <li>● Cultural characteristics – Do and Do it Right; Positive, Streamlined, Professional, Coordinated and Clean Party Leadership; First-Class in Three Aspects</li> <li>● Cultural connotation - Service Culture, Compliance Culture, Culture of Excellence, Culture of Harmony</li> </ul>	
<b>Purpose of Culture</b>	
<ul style="list-style-type: none"> <li>● Cultural consensus - Instructions of CZBank, Song of CZBank, Convention of CZBank</li> <li>● Cultural projects - Cultural Shaping, Cultural Anchoring, Cultural Nourishing, and Cultural Promotion</li> </ul>	
<p>Figure: Corporate Culture Pyramid</p> <p>Scan the QR code to watch “The Song of CZBank”</p>	

## (II) Responsible Management Structure

In the *Administrative Measures of CZBank on Social Responsibility Management*, CZBank has made clear the organizational structure for social responsibility management, division of responsibilities, and specific responsibilities. On this basis, we've conducted training sessions from time to time, to improve communication skills and other abilities required to effectively perform social responsibility. During the reporting period, we further improved the system to incorporate ESG factors into practices.

<p><b>Decision-making layer</b></p>	<p>The Board of Directors acts as the ultimate decision-making authority for CSR and ESG management. Among its auxiliary branches, the Strategy Committee has been transitioned into the “Strategy and Sustainable Development Committee”, responsible for the review of holistic CSR and ESG strategic plans, policy objectives and their implementation, as well as supervising necessary rectifications. Other subcommittees that fall under the Board, such as the Consumer Protection Committee and the Inclusive Finance Development Committee, are designated to review aligned CSR, ESG and inclusive finance tasks according to their areas of responsibility.</p>
<p><b>Senior management layer</b></p>	<p>Senior management forms the backbone for executing various resolutions set forth by the Board and its professional committees pertaining to CSR and ESG work. They are responsible for devising strategic plans, policies, and goals while ensuring effective coordination, guidance, and synchronized advancement of related tasks.</p>
<p><b>Execution layer</b></p>	<p>The Party and Mass Work Department, also known as the Party Committee Propaganda Department, serves as the centralized management unit for CSR and ESG work. They collaborate with corresponding departments of the Head Office and all branches to put into action CSR and ESG practices on key issues. Responsibilities include, but are not limited to, formulating basic management frameworks, integrating CSR and ESG concepts into strategic planning and corporate culture, and setting CSR and ESG goals, which are then embedded into business lines and key projects. The team ensures proactive involvement on key issues including inclusive finance, consumer protection, data privacy and security, and human capital development. In addition, they are responsible for the creation of annual social responsibility reports and enhancing external communication and collaboration.</p>

### (III) Stakeholder Communication

The Bank places significant emphasis on open communication with all stakeholders. By actively soliciting and attentively listening to their feedback, we incorporate key concerns into our daily operations and decision-making processes. A routine communication mechanism is in place to ensure that stakeholder expectations and demands are promptly and authentically addressed.


Stakeholders	Expectations and Demands	Communication Channels
Governments and regulators	Compliance management Serve the real economy Support national strategies Prevent financial risks	<ul style="list-style-type: none"> <li>● Study and implement relevant financial policies</li> <li>● Support industry policy formulation</li> <li>● Participate in research visits and meetings</li> <li>● Daily approval and supervision</li> <li>● Submit statistical reports</li> </ul>
Customers and Consumers	Optimize customer service Protect customer rights and interests Popularize financial knowledge Empower Fintech Secure information and privacy	<ul style="list-style-type: none"> <li>● Online business processing</li> <li>● Customer needs research</li> <li>● 95527 service hotline</li> <li>● Customer care activities</li> <li>● WeChat, Douyin and other platforms</li> </ul>

Shareholders and Investors	<p>Ensure continuous and sound operations</p> <p>Improve return on investment</p> <p>Increase company value</p> <p>Standardize corporate governance</p> <p>Prevent financial risks</p>	<ul style="list-style-type: none"> <li>● Periodic reporting and disclosure</li> <li>● Roadshows and promotion meetings</li> <li>● Shareholders meetings</li> <li>● Investor service hotline and email address</li> </ul>
Employees	<p>Create a healthy and safe working environment</p> <p>Protect employee rights and interests</p> <p>Enhance employee development and training</p> <p>Ensure employee benefits</p>	<ul style="list-style-type: none"> <li>● Workers' Congress</li> <li>● Employee cultural, sports and health activities</li> <li>● Complaint and reporting mechanism</li> <li>● Hive Community, "Employee Voice" Mailbox</li> </ul>
Suppliers and Partners	<p>Expand cooperation channels</p> <p>Promote fair and equitable procurement</p> <p>Encourage honesty and trustworthiness and performance</p> <p>Promote business ethics and anti-corruption</p>	<ul style="list-style-type: none"> <li>● Cooperation and exchange</li> <li>● Bidding activities</li> <li>● Supplier research and visits</li> </ul>
Communities	<p>Develop inclusive finance</p> <p>Help rural revitalization</p> <p>Support charity</p> <p>Adhere to targeted assistance</p> <p>Volunteering</p>	<ul style="list-style-type: none"> <li>● "One Bank for One School" program</li> <li>● CZBank's agricultural support programs (East-West Collaboration Program, "Thousands of Enterprises Joining Hands With Thousands of Villages for</li> </ul>


		Poverty Eradication” Campaign) ● Employee volunteering activities ● Community service activities
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#### (IV) Materiality analysis

Based on industry growth trends, significant national policies, and stakeholders’ interests, the Bank employs a multitude of methodologies such as policy analysis, expert consultations, and departmental interviews to identify and evaluate material issues highly related to our operations. Each issue is comprehensively addressed within this Report.

 External stakeholders' expectations for CZBank's sustainable development	Support community development Information disclosure and quality Develop digital economy Promote green development Comprehensive risk management Strengthen internal control and compliance	Protect consumer rights and interests Data and privacy security Customer satisfaction and complaint handling FinTech application Product and service innovation Standardize corporate governance Protect the rights and interests of minority shareholders	Support national strategies Promote common prosperity Contribute to “dual carbon” goals Support rural revitalization Serve the real economy Practice inclusive finance Develop supply chain finance Promote inclusive finance
	Promote coordinated regional development Stakeholder communication Diverse team	Green operation Responsible procuring Investor education	Employee training and development Employee communication channels Anti-corruption and anti-money laundering Corporate Social Responsibility Management



	Charity  Carry out responsible investment	Popularization of financial knowledge  Address climate change  Protect intellectual property	Employee compensation and benefits  Work-life balance  Help for employees in need  Diversity and Inclusion
			

The three major issues and strategies that have the greatest impact on our Bank's business and long-term value are as follows:

<b>Main strategies</b>	<b>Impact type</b>	<b>Background</b>	<b>Specific Measure</b>
Zhejiang-Focused development strategy	Economic and social	Zhejiang Province stands at the forefront of economic development in China, characterized by its affluent society and balanced progress. It is a vital region implementing major national initiatives, such as the pursuit of high-quality development and the establishment of a demonstration zone for common prosperity. As the sole national joint-stock bank and the only provincial corporate bank headquartered in Zhejiang, CZBank enjoys unique political and legal person advantages. By deeply engaging with the local market and stimulating a fervent approach to business development, the Bank has significantly strengthened its market presence and influence	We've developed the <i>Three-Year Plan of CZBank for Serving Zhejiang Province</i> , and the <i>Implementation Opinions of CZBank on Taking the Lead in Supporting the Construction of a Demonstration Zone for Common Prosperity</i> , in a bid to solidify our business foundation within the province and pioneer in domains such as supply chain finance, inclusive finance, sci-tech innovation finance, digital finance, green finance, and comprehensive finance. These distinct advantages allow us to most effectively serve major strategies, cater to governmental projects,

		within the province. This has catalyzed rapid growth in local financial business volume, government services, and our foundational customer base.	assist key enterprises, and bolster weaker regions.
Development of products less sensitive to economic cycles	Economic	The banking industry is inherently procyclical; thus, economic fluctuations greatly influence the operational performance of commercial banks. By creating a “ballast” of assets that display low sensitivity to economic cycles, we fortified operations against the volatility of both credit risk and market risk. This helps smooth out the impacts of cyclical fluctuations on performance, allowing us to “perform well when the economy prospers and remain resilient and moderately stable when the economy declines”.	We aim to construct a premier operating system oriented towards high-quality development. The core focus is on the creation of assets that maintain stability in volatile economic cycles, serving as a “ballast” to support steady growth. To achieve this, we have accelerated the establishment of an agile decision-making mechanism, as well as resource allocation, performance evaluation, pricing and insurance approval, cross-functional collaboration, risk management, and digital reform systems that safeguard fewer sensitive assets. These efforts have led to a steady increase in the revenue share of assets that are weakly sensitive to economic cycles.
Green finance development strategy	Environmental	Reaching carbon peaking and neutrality is a significant strategic decision for China. It represents a major step towards promoting high-quality economic development and establishing a harmonious coexistence between man and nature. While this decision	CZBank has established the <i>CZBank Action Plan for Supporting Carbon Neutrality &amp; Peaking (2021-2025)</i> . Under this initiative, we are proactive in undertaking carbon-neutrality investment banking and inclusive

		<p>creates substantial strategic opportunities for optimizing and enhancing industrial structures, it also poses challenges to the risk management and control capabilities of banks. To meet these elevated requirements, we have fortified our end-to-end credit environment and risk management protocols, while also robustly conducting environmental stress tests, thereby reducing the probability of risk events.</p>	<p>finance practices. Innovating our financial products, we've introduced offerings such as carbon offset loans, photovoltaic loans, and green bonds. Our strategy ensures that the growth rate of green loans and carbon-neutrality loans is at least on par with the average growth of our various loan products.</p>
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## Annual Responsibility Performance

Category	Index	Unit	2023	2022	2021
Governance Performance	Number of directors	No.	14	13	15
	Number of board meetings	No.	11	14	16
	Average board meeting attendance	%	94.32	99.45	93.44
Economic Performance <sup>1</sup>	Total assets	RMB billion	3,143.879	2,621.930	2,286.723
	Operating income	RMB billion	63.764	61.152	54.584
	Profit after tax	RMB billion	15.493	13.989	12.916
	Total tax paid	RMB billion	10.995	12.654	11.798
	Capital adequacy ratio	%	12.19	11.60	12.89
	Balance of loans to SMEs	RMB billion	405.386	341.883	281.037
	Large agricultural loan balance	RMB billion	220.783	199.924	172.454
Environmental Performance <sup>2</sup>	Green loan balance	RMB billion	203.436	145.923	104.244
	Number of electronic banking transactions	Million	452.1528	251.4340	223.2041
	Rate of e-banking substitution	%	99.85	99.75	99.70

1.The statistics of economic performance (except total tax payment) are based on the consolidated data of the Bank and its subsidiaries, and the statistics of total tax payment are based on the consolidated data of the Bank and its subsidiaries in China (excluding Hong Kong)

2.Outsourced conventional power consumption, total office water consumption, and gasoline consumption for 2023 and 2022 are for the head office and domestic branches, and for 2021 are for the head office. Outsourced conventional power consumption and total office water consumption for 2022 are updated

	Outsourced conventional power consumption	kWh	76,824,916.11	72,337,251.70	-
	Total office water consumption	t	574,932.10	525,778.38	171,454.00
	Gasoline consumption	L	844,719.13	622,186.35	20,409.86
Social performance	Social contribution value per share <sup>3</sup>	RMB	3.58	4.10	3.80
	Donations	Million	22.7051	25.4808	17.3869
	Customer satisfaction rate of the 95527 hotline service	%	99.84	99.85	99.86
	Number of employees	No.	19,293	17,406	15,302
	Percentage of female employees	%	48.33	48.37	47.69
	Turnover rate	%	4.97	5.68	7.65
	Training time per employee	Hour	58.56	54.89	62.61

3. It was calculated as specified in the *Guidelines No. 1 of Shanghai Stock Exchange on Self-regulation of Listed Companies - Compliant Operation*, that is, on the basis of the basic earnings per share created by the Company for shareholders, add the annual amount of value created for other stakeholders, including the tax revenue collected by the government, wages paid to employees, loan interest paid to creditors such as banks, and external donations, and then subtract other social costs caused by environmental pollution, etc. The formula is: Social contribution value per share = basic earnings per share + (total taxes + employee wages + interest expenses + donations) / total equity at the end of the period. Affected by the allotment in 2023, the earnings per share indicator for the comparison period is recalculated

## Awards and Honors

Issued by	Awards and Honors
British “The Banker” magazine	87th on the list of “Top 1000 World Banks 2023
	Top 500 Banking Brands
	Excellent ESG Financial Services Innovation Institution of the Year
S&P, Moody’s	Continuously rated as dual “investment grade” in international ratings
MSCI	ESG rating of “A”
People’s Bank of China	Fintech Development Award
People’s Government of Zhejiang Province	First Prize for the Excellent Institution Supporting the Economic and Social Development of Zhejiang
State-owned Assets Supervision and Administration Commission of Zhejiang Province	Award for State-Owned Enterprises with Best Practice in Promoting Common Prosperity; Award for State-Owned Enterprises with Excellent Performance in Digital Reform
People’s Bank of China Zhejiang Branch, Zhejiang Federation of Industry and Commerce	“The Most Satisfactory Bank for Private Enterprises” in Zhejiang Province
People’s Bank of China Zhejiang Branch	Entities Providing Outstanding Financial Service to Hangzhou Asian Games
China Banking Association	Top 100 Model Banking Outlets (Zhengzhou Branch, Lanzhou Branch)
All-China Federation of Trade Unions	“Senior Service Station” won the title of “The Best Service Station”
China Association for Science and Technology, China Institute of Communications	“Innovation China” Financial Technology Innovation Competition Special Award
National Internet Finance Association of China	“Leader” in Corporate Standards
China Financial Certification Authority, Digital Finance Top Performer Award	“Mobile Banking” won the Best Digital Operation Award and the Best Corporate Online Banking Award
Shanghai Commercial Paper Exchange	Excellent Comprehensive Banking Service Provider
Shanghai Futures Exchange	Annual Award of Special Contribution to the Market Making Industry; Annual Market Making “Diamond” Award

China Foreign Exchange Trade System & National Interbank Funding Center	Annual Innovation Award for Interbank Local Currency Market Cross-Border Investment
The 9th Asset Securitization and Bond Jiefu Award	Excellent ABN Lead Underwriter; Excellent ABS Sponsor
CFS 12th China Financial Summit	Financial Innovation Model Award
21st Century Business Herald	Excellent Case of Financial Development in the 21st Century: Financial Advisory Comprehensive Service Bank
China Securities Journal	2023 Golden Bull Award for Wealth Management Products in the Banking Sector
Financial Times	Golden Dragon Award — Bank with the Best Sci-Tech Innovation Finance Services of the Year
Shanghai Securities Journey	2023 “SSE Golden Wealth Management” Annual Investment Management Team Award
China Banking and Insurance News	Top 20 Banks in Comprehensive ESG Performance
The Banker	Excellent Institutions in ESG Financial Service Innovation of the Year
Securities Times	Tianji Award for Annual ESG Practice in the Banking Sector
Southern Weekend	Sustainability Brand of the Year
Sohu	China’s Listed Banks ESG Star List - TOP 30 Banks in Comprehensive ESG Performance Evaluation
Trade Finance	Best Supply Chain Finance Bank; Best Cross-Border Finance Bank
JRJ.com	Leading China “Golden Wisdom Award” - Outstanding Inclusive Finance Award
Stockstar	Excellent Bank Brand Award 2023
liepin.com	2023 Extraordinary Employer in Eastern China of the Year; 2023 National Top 100 Extraordinary Employers
51job.com	2023 China Model Employer - Employee Care Model Enterprise; 2023 China Top 100 Model Employers

## **Corporate Responsibility: Ethics Finance – Pioneering a New Paradigm for Modern Finance in China**

CZBank is always conscious of the crucial role of finance in ensuring national strength, believing that finance should pursue people’s benefits under the Party’s leadership. Trying to redefine finance from the perspective of social values, we proposed and vigorously promoted the concept of “ethics finance” at both the theoretical and practical levels, carving out a fresh paradigm for modern finance in china.

### **I. Leading the Financial Advisory Business**

As the Chairman of the Financial Services Committee (FSC) within the General Association of Zhejiang Entrepreneurs, CZBank has been vigorously promoting the Financial Advisory System — a pioneering effort in Zhejiang. In partnership with banking, securities, insurance, legal services and taxation institutions, we’ve built an extensive financial advisory team consisting of over 3,400 seasoned professionals across 93 financial advisory studios. These proficient financial advisers have successfully orchestrated financial assistance worth more than RMB555.496 billion, benefiting 82,300 businesses. This revolutionary financial advisory model has been subsequently adopted and expanded to 16 provinces and municipalities throughout China, including Beijing, Shanghai, Sichuan, Gansu, among others.

#### **Case: CZBank Financial Advisory Team partnered with Wenzhou Government to empower government services**

The Wenzhou Civil Affairs Bureau is constrained by limited staffing coupled with a large number of social organizations. It is further hampered by inadequate integration of management services, a shortage of professional expertise, and a pressing need for online improvements. Simultaneously, most small to medium-sized social organizations grapple with weak digital infrastructure, lack of digital member management tools, and inefficient service processes. This leads to duplicate submission of documents and offline completion of procedures across multiple locations.



To address these challenges, CZBank Financial Advisory Team created China’s first digital service platform for social organizations called “Wenzhou Civil Affairs and Social Organizations Digital Platform”. This innovative initiative has effectively digitalized service processes within social organizations, achieving a “one-stop service” that enhances the experience for both government departments and social organizations. The platform offers a unique “6+8+X” range of services, integrating 6 crucial civil affairs management services such as annual inspection, registration and filing; 8 organizational management modules involving human resources, charity, charity funds, etc.; and X customized sub-systems that upgrade digital ecosystem scenarios. Since its pilot launch in late April 2023, the platform has attracted a diverse range of social organizations to join, including the Wenzhou Social Organization Development Foundation. It has provided services such as charity and venture philanthropy to over 9,300 social organizations in Wenzhou, significantly increasing the Civil Affairs Bureau’s management efficiency. This innovative platform integrates regulations into services, creating a replicable model of how financial advisory services help civil affairs departments complete digital transformation.



Figure: Wenzhou Civil Affairs and Social Organizations Digital Platform

**Case: Customized comprehensive services propel the high-quality development of sci-tech innovation enterprises**

A technology firm in Zhejiang, established in 2017 with a registered capital of RMB12.5 million, engages in the R&D, production and sales of high-tech products. Recently, the company encountered development bottlenecks and was in dire need of financial support. Upon receiving this information, the CZBank Financial Advisory Team swiftly initiated an investigation. It revealed key issues affecting the company’s growth, such as insufficient

collateral for bank financing, skepticism towards equity financing, and confined roadshow channels. Collaborating with banks, securities firms, law firms, and other partners, the team tailored a service strategy for the business. They first leveraged financing products like the Sci-Tech Innovation Loan and Project Loan, helping to cut down the company's financing costs. Next, they helped introduce equity investment institutions, creating to a more balanced equity structure. Subsequently, they assembled teams of securities firms, accounting firms, and law firms to lend guidance on future public listing. Thanks to the robust support from the Financial Advisory Team, the company successfully secured a strategic investment of RMB20 million, leading to its post-investment valuation soaring to RMB100 million.

Currently, the company has successfully navigated away from earlier unsustainable operations. It now boasts a stable operating cash flow, is vigorously advancing its shareholding reform, and is steadily progressing towards its long-term goal of listing on the capital market.

#### **Case: Finance empowers enterprises to navigate market cycles**

Hu sheep, a distinct local sheep breed from Huzhou City, has characteristics that make it well suited for large-scale farming. This includes a comparatively small financial outlay, quick return on investment, and a high reproduction rate. However, in 2023, an enduring slump in the mutton market price, paired with escalating feed prices upstream of the industry, left many farmers grappling with financial constraints. After conducting a first-hand assessment, Huzhou Branch's financial advisors assembled a financial advisory group in conjunction with CZBank Leasing, Changxing Rural Commercial Bank, among other entities. Their mission was to create a "1+N" comprehensive financial service plan, tailored to the industrial development needs of Hu sheep related enterprises, utilizing suitable products and comprehensive financial services. By the end of 2023, Hu sheep enterprises in Changxing County had received of a total approved credit amounting to RMB7.3 million. This move has effectively helped alleviate financial strains for these enterprises.

*"Unexpectedly, attending a financial relief symposium in late September 2023 turned out to be a turning point as I promptly secured a loan from CZBank. This aid has not only navigated us past our financial crunch, but also accorded us the breathing space and*

energy to scout for wider market opportunities.”

——Hu sheep farmer Xu Xiaoyong



Figure: The financial advisors of Huzhou Branch paid a return visit to a Hu sheep breeding enterprise



Figure: Zhejiang Province’s first financial advisory comprehensive skills competition concluded. It was selected as one of the top 10 events (by profession) for provincial employee vocational skills competition by the Zhejiang Provincial Federation of Trade Unions

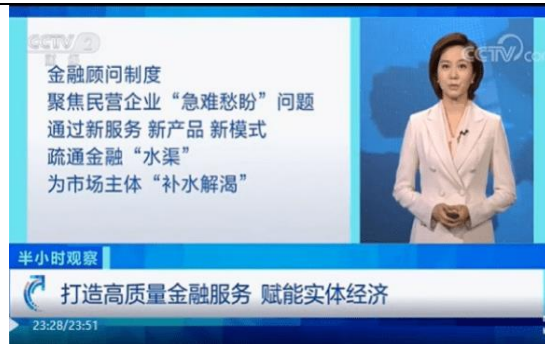


Figure: Exploration and Practice of Zhejiang’s Financial Advisory System, featured in CCTV’s “Economy in 30 Minutes”

Scan to watch CCTV reports





Figure: Proposal for supporting high-quality development of the private economy through financial advisory was released



Figure: CZBank released the “100 Comprehensive Financial Advisory Service Cases”



Figure: CZBank launched the “Charitable Finance Demonstration Base” and “Financial Advisory Service Studio” programs



Figure: Financial advisors visited companies

## II. Building the “CZBank Ethics Standard”

CZBank is exploring the integration of an “ethics” gene into its financial service scenarios, developing a customer ethics evaluation system termed the “CZBank Ethics Standard”. This approach incorporates “ethics” — the Chinese ESG concept into our core business operations. It guides resources towards ethical customers and places greater emphasis on analyzing the quantifiable and assessable social value of customer business activities.

<b>CZBank Ethics Standard — Content</b>
<ul style="list-style-type: none"><li>● Promote the corporate spirit of “Ethical, Beneficent, Inclusive”, offering ethics-oriented services</li><li>● Build a professional finance service team with a strong sense of ethics</li><li>● Empower ethical individuals, and support ethics-oriented projects, enterprises and employers, encouraging customers to pursue ethics</li><li>● Establish positive evaluation and feedback systems for assessment and incentives, resource allocation, credit approval, risk tolerance, etc., and build a guarantee mechanism that encourages ethical actions</li></ul>
<b>CZBank Ethics Standard — Compositions</b>
<ul style="list-style-type: none"><li>● <b>Evaluation System:</b> The system offers two distinctive versions for businesses and individuals. The business version focuses on national strategies, environmental protection, social responsibility, and corporate governance. The individual version mainly considers the nature of, approaches to, and results of ethical behaviors. We’ve developed 74 indicators for a positive list and a negative list to assess the ethical performance of individual and corporate customers.</li><li>● <b>Operational Strategy:</b> The system works on a scoring basis. Different weights are set for positive and negative behaviors, which lead to positive and negative points, respectively. Customers scored under a specific baseline will be removed directly. The scores of each indicator, being positive or negative, are cumulatively combined to generate the final score. Based on this, three customer evaluation plans are developed. We’ve also designed a differentiated review (service) mechanism to encourage the allocation of financial services or credit resources towards customers with higher ethical ratings.</li></ul>



Figure: “Zhejiang Bank Good Standard” system

### Case: Exploring the “Virtue into Gold” Credit Conversion Model

Seizing the opportunity provided by Shandong Province’s comprehensive advancement of a virtue point-based rural financing mechanism, Jinan Branch adeptly integrated the concept of “Ethics Finance” into this mechanism which is strongly advocated by local governments and regulators. As part of this effort, it launched the “Virtue Point Loan” based on our CZBank Ethics Standard.

A city engineering firm in Linyi City, Shandong Province found itself urgently needing financing as it took on an urban greening project. The company a new-style agricultural business covered by the Rural Revitalization Program, and is mainly engaged in projects closely connected to people’s livelihoods. Furthermore, its legal person had accrued a high number of virtue points. Given the above, Jinan Branch granted a Virtue Point Loan of RMB3.5 million to the company. Local governments and regulators highly praised us.

### III. Exploring Charitable Trusts

CZBank stands at the forefront of charitable trusts. In partnership with the Charitable Capital Alliance, as well as trust companies and law firms, we’ve created a one-stop charity finance service solution. The solution mainly considers three factors: the industry that a company operates, and its owner’s birthplace and current location. We’re committed to assisting entrepreneurs who wish to establish charitable trusts, helping them achieve social value while simultaneously augmenting wealth.

#### Case: CZBank established China’s first charitable capital alliance to create a charitable finance ecosystem

In November 2023, CZBank hosted the Joint Meeting on Financial Assistance for Entrepreneurs’ Charity. At the meeting, the Charitable Capital Alliance, co-sponsored by seventeen entities, including the Financial Services Committee of the General Association of Zhejiang Entrepreneurs, China Philanthropist Magazine, Zhejiang Yangtze River Delta Capital Research Institute, CZBank, among others, was established as the first non-profit,



philanthropic financial service platform in China. The Alliance launched the Charitable Trusts Program at the meeting, attracting 33 enterprises to sign the letter of intent as its original members.



Figure: Joint Meeting on Financial Assistance for Entrepreneurs' Charity

#### Case: Innovations to charitable trusts

- **Shaoxing Branch:** Zhejiang Jinke Tom Cultural Industry Co., Ltd., taking part in our Charitable Trusts Program, has established a charitable trust dedicated to providing resources for children and adolescents. Besides contributing cash donations, the company will also make in-kind donations, matching the monetary contributions with children's educational materials of equivalent value.
- **Jiaxing Branch:** In November 2023, a team from Zhejiang Kejie New Materials Co., Ltd., a company based in Zhao Jie's hometown Haining, paid a visit to Heishui County Middle School in Sichuan Province, where Zhao serves as the principal. The company has established the Charitable Trust · Zhejiang Gold – Kejie Charitable Trust, intending to donate educational supplies to Heishui County Middle School, enhancing the school's operational conditions and uplifting the quality of education provided.

## IV. Encouraging Employee Engagement in Charity

CZBank has launched a bank-wide Employee Charity Program. We encourage all our entities to establish Charity Studios, promoting a culture of philanthropy within our financial service teams. This initiative guides employees to embrace the values of benevolence and kindness, inspiring them to regularly engage in charity. Furthermore, we advocate for increased participation in social welfare activities, fostering a corporate culture that propels us to do good and give back to our community.

#### Case: CZBank established the first batch of Charity Studios

In August 2023, CZBank announced the first 11 Charity Studios named "Love in Beijing", "Xiaohe", "Songhua", "Glimmer", etc., which have launched a series of charity programs.



Figure: “Charity Studio” nameplates



Figure: Changsha Branch’s “Love Angels in Hunan” Charity Studio encouraged employees and entrepreneurs to participate in “Entrepreneur Charity in Zhejiang”, assisting disabled people.



Figure: Guangzhou Branch’s “Songhua” Charity Studio joined the Guangzhou Finance Association Volunteer Group. Volunteers use their breaks to help disabled people and other vulnerable groups in communities.



Figure: Xi’an Branch sent prepared “heat relief packages” to construction workers, sanitation workers and other outdoor workers who stuck to their posts under high temperatures.



Figure: Young employees from CZBank participated in the “One Bank for One School” program, mentoring students in the exciting process of robot construction.





Figure: Volunteers from Chengdu Branch organized engaging sports activities at Liangshan Yuantian Primary School, enhancing their growth.



Figure: Volunteers from Chongqing Branch visited the Chongqing Federation of Trade Unions Yangjiaping Nursing Home, bringing care to the elderly.

## Chapter I Advancing Economic Progress and Improving People’s Living Standards

Governance should be rooted in the well-being of the people. The real economy is integral to strengthening and revitalizing a country, with the enhancement of people’s living conditions and welfare as the key objective of development. In alignment with the policies and strategies set by the CPC Central Committee, the Zhejiang Provincial Party Committee, and the Provincial Government, CZBank proactively employs various strategies to amplify its support for micro and small enterprises, technological innovation, and outbound progress, among other sectors. By embodying national development strategies, we’re able to uplift the quality of financial offerings, thus benefiting more people.

Contribution to the UN SDGs:



### I. Supporting the Construction of Zhejiang Common Prosperity Demonstration Zone

Common prosperity serves as the fundamental requirement and objective of socialism, and represents a crucial facet of modernization in China. As Zhejiang’s sole national joint-stock bank and province-based enterprise, CZBank conscientiously undertakes its responsibilities by accelerating its mission to establish a benchmark institution committed to supporting the building of a demonstration zone that promotes shared prosperity.

	Initiatives	Results
<b>Strengthening support for major projects</b>	<ul style="list-style-type: none"> <li>Strengthened policy support for major projects and increased resource allocation to major projects covered by the “One Trillion for 1,000 Key Projects” initiative in</li> </ul>	<ul style="list-style-type: none"> <li>As of the end of 2023, the balance of loans to the “One Trillion for 1,000 Key Projects” initiative stood at RMB8.387 billion, an</li> </ul>

	Zhejiang	increase of RMB2.961 billion from the beginning of the year.
<b>Enhancing digital capability building</b>	<ul style="list-style-type: none"> <li>● Strengthened our digital capabilities, including devising the “185N” digital system architecture based on the CZBank Microsea System</li> <li>● Enhanced services such as digital platform construction and upgrading for provincial departments, with emphasis on key customer segments</li> </ul>	<ul style="list-style-type: none"> <li>● As of the end of 2023, we had financed more than 20 “industrial brain” (digital infrastructure) projects related to intelligent electrical equipment, motors, etc., marking an increase of 100% from the start of the year. A total of 758 users had been covered by the “Industrial Brain + Future Factory” program, with an aggregate credit issuance of RMB27.3 billion and a total financing of over RMB40 billion.</li> </ul>
<b>Tailoring products and services</b>	<ul style="list-style-type: none"> <li>● Launched “Digital for Wealth” series to support featured and advantageous businesses in mountainous and island counties</li> <li>● Promoted industry-specific credit products like “Intelligent Manufacturing Loan” consistently, and upgraded featured cluster service model “5+N Comprehensive Financial Service Plan for Micro and small Industrial Parks”</li> <li>● Launched a range of asset</li> </ul>	<ul style="list-style-type: none"> <li>● As of the end of 2023, the total amount of financial services provided to mountainous and island counties reached RMB80.612 billion. The “Digital for Wealth” accorded a credit limit of RMB5.6 billion, of which RMB1.335 billion had been granted to over 1,700 customers.</li> </ul>

	<p>management and trust products such as the “Common Wealth Loan”, “26 Mountainous Counties Loan”, and “Linping Financial Demonstration Zone Exclusive Loan”</p> <ul style="list-style-type: none"> <li>● Introduced the “Common Prosperity Loan” to support upstream planting and breeding industries, midstream processing enterprises, and downstream dealers</li> <li>● Developed special products like the “Rural Revitalization Card” for low- and middle-income groups</li> <li>● Customized the “Talent Support Loan” to cater to the needs of high-caliber talents</li> <li>● Leveraged digital and intelligence tools to facilitate cross-border trade activities</li> </ul>	<ul style="list-style-type: none"> <li>● As of the end of 2023, a total of 35 asset management products and trust products had been issued, including 20 “Common Prosperity” products with a product scale of RMB2.441 billion.</li> </ul>
<p><b>B a special platform</b></p>	<ul style="list-style-type: none"> <li>● Built the “Jinfubao Comprehensive Digital Service Platform for Micro and Small Businesses”, providing digital tools for micro, small, and medium enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>● By the end of 2023, the platform had disbursed loans totaling RMB740 million to more than 1,000 micro and small enterprises in the Linping District. Furthermore, throughout the year, it issued RMB48.625 billion of refinancing loans to micro and small business in Zhejiang.</li> </ul>

## II. Promoting Industrial Transformation and Upgrading

CZBank has been propelling the high-quality transformation of conventional industries. This has fostered a comprehensive industrial chain and several industrial clusters, leading conventional industries towards becoming more high-end, intelligent, green, and integrated.

### (I) Serving the Manufacturing Industry

CZBank is devoted to delivering diversified financial products and services to manufacturing companies, perpetually increasing the balance of medium- and long-term loans within this sector. This emphasis aids in promoting high-end, intelligent, and environmentally-friendly practices within the manufacturing industry. As of the end of 2023, the balance of medium and long-term loans in the manufacturing industry had escalated to RMB107.639 billion – a rise of RMB20.964 billion since the year’s inception, marking a growth rate of 24.19%.

<b>Solving financing problems</b>	<ul style="list-style-type: none"><li>● Policy preference: Distinct credit policies were specifically tailored for emerging industries such as new materials, auto parts manufacturing, technology innovation enterprises, and the photovoltaic sector.</li><li>● Resource preference: Special credit resources were allocated to manufacturing loans, aiming to assisting micro and small manufacturing enterprises as long as it’s possible.</li><li>● Pricing preference: A differentiated interest rate pricing scheme and profit concessions were provided to manufacturing enterprises.</li></ul>
<b>Cultivating service teams</b>	<ul style="list-style-type: none"><li>● The Head Office specially established the Intelligent Manufacturing Center to cater to manufacturing enterprises. Besides, a professional financial services team composed of members from the Head Office, branches and sub-branches was established, so that resources at various levels may be integrated to finance manufacturing.</li><li>● Special rewards and assessment incentives were provided with manufacturing loans consistently over the past three years.</li></ul>

<b>Satisfying special needs</b>	<ul style="list-style-type: none"> <li>● We tailored exclusive credit products for micro and small manufacturing enterprises according to their particular characteristics</li> <li>● We further expanded medium and long-term loans to key medium and long-term manufacturing projects identified by the NDRC.</li> <li>● We developed innovative supply chain financial tools to alleviate liquidity constraints within core enterprises and entire supply chains</li> </ul>
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**Case: CZBank tailored service for key manufacturing project identified by the NDRC**

SPBS Smart Home Co., Ltd., a key enterprise supported by Tengzhou City, Shandong Province, specializes in bespoke smart home solutions. The company has earned recognition as a “China Well-known Trademark” by the State Administration for Industry and Commerce, and its “Furniture Industry 4.0 Intelligent Manufacturing Project” has been identified as a key manufacturing project by the NDRC. Jinan Branch, based on information provided by local Bureau of Finance and Development and Reform Commission, and thorough communication with the company, tailored a financial service plan, ensuring enhanced services to the company. In November 2023, a Project Loan of RMB83.5 million was granted to the company.

**(II) Supporting Sci-Tech Innovation Finance**

CZBank enhanced financial support for sci-tech innovation enterprises while continually elevating its expertise in this regard. As of the end of 2023, we have extended services to a total of 14,256 sci-tech innovation enterprises, with a financing balance of RMB204.1 billion. This includes RMB18.1 billion to 2,202 businesses equipped with sci-tech innovation talents. Additionally, we have provided custody services for 11 venture capital funds and industry funds, with size totaling RMB540 million.

<b>Policies</b>		
Six-pronged differentiated sci-tech innovation finance management system	Six-pronged sci-tech innovation finance service system	Supply chain financial business cooperation plan for sci-tech innovation enterprises

<b>Measures</b>		
<ul style="list-style-type: none"> <li>● Specialized organizational system</li> <li>● Professional service team</li> <li>● Dedicated risk management</li> <li>● Specialized information system</li> <li>● Special assessment incentives</li> <li>● Exclusive credit standards</li> </ul>	<ul style="list-style-type: none"> <li>● Ensured processing efficiency</li> <li>● Ensured operating resources</li> <li>● Ensured differentiated credit policies</li> <li>● Ensured preferential pricing</li> <li>● Guarantee comprehensive service</li> <li>● Ensured win-win cooperation among multiple parties</li> </ul>	<ul style="list-style-type: none"> <li>● Issued the <i>Notice on Promoting Cooperation in Sci-Tech Innovation Supply Chain Financial Business</i></li> <li>● Built a full life cycle financial service system for sci-tech innovation enterprises</li> <li>● Developed exclusive supply chain financial service plans</li> </ul>

**Case: CZBank tailored financing solution for sci-tech innovation enterprise**

Nanning Branch successfully assisted Guangxi Investment Capital Management Group Co., Ltd. in issuing the first ever purpose-specific sci-tech innovation note in Guangxi, fostering its progress in sci-tech innovation. This is also Guangxi’s first medium and long-term note issued through CRMW. Such notes specially target core enterprises, aiming at benefiting both upstream and downstream entities by effectively reducing comprehensive financing costs.

Totally RMB500 million was raised, of which RMB322 million will be invested in the equity of sci-tech innovation companies.

**Case: Supports to specialized and sophisticated SMEs**

Taizhou Guoren Temperature Control Sanitary Ware Technology Co., Ltd. is a national sci-tech innovation enterprise, and a provincial specialized and sophisticated SME in Zhejiang. The company faced a capital shortage during its rapid development phase. Based on an overall inspection of the company, and policies regarding loans to specialized and sophisticated SMEs, Taizhou Branch escalated the credit limit to RMB43 million, effectively addressing the company’s capital shortage.

### **Case: Supports to key green and environmental projects**

East Bay (Yangzhou) New Bio-Materials Co., Ltd. is China's pioneering technology enterprise concentrated on the R&D and manufacture of PLA fiber-ES fiber, boasting a total of 42 national invention and utility model patents. Its "PLA Fiber-ES Fiber" R&D project was recognized as a National Green Project and a Major Provincial Project by the Jiangsu Provincial Development and Reform Commission.

The company planned to construct a new PLA fiber-ES fiber production line adhering to international standards. Upon completion, this facility would be capable of producing 80,000 tons of new biodegradable plastic replacement materials annually. However, this project urgently required financial backing. As of the end of 2023, Nanjing Branch had invested RMB50 million into the company for purchasing chemical equipment for the new production lines, thereby meeting its production expansion needs.



Figure: East Bay (Yangzhou) New Bio-Materials Co., Ltd.

### **(III) Developing Supply Chain Finance**

CZBank persists in its extensive exploration of industrial chain finance, tailoring solutions for businesses, and stimulating the formation of industrial chain ecosystems. As of the end of 2023, the cumulative financing provided surpassed RMB490 billion, while the balance exceeded RMB160 billion. Financing services covered more than 2,600 core enterprises and over 40,000 upstream and downstream enterprises.

### **Case: CZBank developed a comprehensive supply chain financial solution based on industry features**

- **Photovoltaic**



In December 2023, CZBank launched “Tianhe Supply Chain Credit Certificate”, its first platform-based digital credit certificate for the photovoltaic supply chain. The product is used for supplier payments.



Figure: “Tianhe Supply Chain Credit Certificate” was successfully launched

- **Chemical**

Due to the specifics of the sector, a chemical company urgently required financing support to meet pre-production order demands. Upon understanding the company’s needs, Shenyang Branch introduced a third-party supply chain platform to assist small and medium-sized suppliers of the chemical company in promptly settling accounts receivable through digital credit certificates. By the end of 2023, 423 loans amounting to RMB296 million had been granted to 167 suppliers of this chemical company.

- **Automobile**

King Long, a large state-owned enterprise, focuses on the R&D, manufacturing, and sales of large, medium, and light passenger vehicles. With the expanding production scale and the increasing need for industrial chain finance, King Long has created its own supply chain finance platform and established a direct connection with Suzhou branch’s online supply chain system. This move aids in reenergizing accounts receivable and fluidizing capital for upstream suppliers. By the end of 2023, RMB421 million of loans had been granted, benefiting 60 upstream suppliers.

- **Agriculture and Animal Husbandry**

Hohhot Branch innovatively introduced the “Single Cow Loan” based on the “complete life

cycle of a cow”, propelling Mengniu Dairy to build a high-quality industrial chain ecosystem. As of the end of 2023, approximately RMB1.2 billion of Single Cow Loans had been granted. In addition, on the basis of the existing “Zhejiang + Cow” Supply Chain Financial Service Plan, the branch developed the “Zhihe Loan” which has covered 43 micro and small customers within the cow breeding industry with RMB150 million.



Figure: Hohhot Branch visited a project

- **Fishery**

Zhoushan City has the largest fish trading market in China. Zhoushan Branch specially designed the “core warehouse enterprises + goods owners + supply chain platform” three-pronged aquatic product warehouse receipt pledge financing system for entities in the squid industry. Businesses in need may be provided with short-term credit loans of up to RMB1 million.

### **III. Promoting High-Level Opening Up**

In line with the dual strategy of “brining in” and “going out”, CZBank has streamlined cross-border investment and financing procedures to proactively attract collaborations with foreign financial institutions. This strategy has bolstered our competitiveness and influence within the international financial landscape.

#### **(I) Contributing to the Belt and Road Initiative**

CZBank has been an active contributor to the Belt and Road Initiative. We’ve innovatively incorporated digital tools into the design of cross-border products and services, formulating high-quality cross-border financial services that sissify customer needs. As of the end of 2023, the volume of cross-border RMB settlements reached RMB376.3 billion.

**Case: “Cross-Border Easy Collection” helped exporter collect payments easily**

Africa, a significant stakeholder in the Belt and Road Initiative, frequently experiences foreign exchange shortfalls. This presents a problem for Chinese exporting companies operating in Africa as they face challenges and delays in securing foreign exchange repayments. One of our Bank’s customers, a company exporting to Africa, struggled with the issue of not having an effective channel for retrieving payments. In November 2023, Shanghai Branch swiftly resolved its difficulty in unlisted minor currency exchange and obstructed payment channel in Africa through the “Cross-Border Easy Collection”. This solution presented the first-ever “Cross-Border Easy Collection” service by our Bank with the free trade separate accounting unit. It enables customers with receivables from countries short of foreign exchange resources to collect payments easily, addressing their pressing needs.

**Case: CZBank financed countries along the Belt and Road**

In May 2023, Xi’an Branch signed a memorandum of understanding and a cooperation agreement with Uzbekistan’s Asaka Bank and Ipak Yuli Bank, respectively. Leveraging the strategic location of the Chang’an China-Europe freight train, the branch established a cross-border capital settlement channel, offering superior and more convenient financial services for trade with countries along the China-Europe Railway Express route under the Belt and Road Initiative. This initiative contributes significantly to the high-quality development of Shaanxi Province’s foreign-related economy.

## (II) Improving the Quality and Efficiency of Cross-Border Financial Services

Seizing the momentum provided by China’s drive towards high-level opening-up, CZBank persistently enhances the quality and efficiency of cross-border financial services. In 2023, we offered FX transaction services amounting to USD 157.3 billion, catering to over 10,000 export-oriented enterprises. Furthermore, we delivered both on- and off-balance sheet liquidity credit totaling USD 23.886 billion to 1,599 foreign trade firms. Our on- and off-balance sheet cross-border credit investment balance stood at RMB89.1 billion.

Initiatives		Results
<b>Expanding platform advantages</b>	<ul style="list-style-type: none"> <li>Leveraging the “dual platforms” of the Free Trade Unit (FTU) and our Hong Kong Branch, we further optimized business linkage processes, while continuously innovating and enriching our suite of offerings. This broadened the scope of our cross-border financial services for global enterprises, providing comprehensive, one-stop solutions to facilitate their international operations and growth.</li> </ul>	<ul style="list-style-type: none"> <li>By the end of 2023, CZBank’s total international business service volume reached USD 409.3 billion, and the value of our cross-border assets expanded to RMB89.1 billion, marking a 49% increase from the same period last year.</li> </ul>
<b>Optimizing product credit</b>	<ul style="list-style-type: none"> <li>We accelerated the deployment of big data credit models such as the “Export Bank Tax Loan”, “Export Data Loan”, and “CZBank Data Pledged Loan”. Furthermore, we emphasized the utilization of advantageous products like the</li> </ul>	<ul style="list-style-type: none"> <li>Through the “Export Bank Tax Loan” and “Export Data Loan” schemes, CZBank had granted credit to 1,796 customers by the end of 2023, offering a credit line of RMB5.95 billion and</li> </ul>

	<p>“Yongjin Export Pool” and “CZBank FX Trading Platform”.</p>	<p>generating cumulative financing of RMB9.75 billion. Moreover, through the “Yongjin Export Pool”, we have revitalized accounts receivable up to USD 3 billion, and enabled USD 2.15 billion in financing.</p>
<p><b>Promoting cross-border supply chain financing</b></p>	<ul style="list-style-type: none"> <li>● We actively participated in the Financial Support Pilot Program for the Integrated Development of Zhejiang Businesses’ Domestic and International Dual Cycles, putting great effort into excelling in cross-border supply chain financing.</li> </ul>	<ul style="list-style-type: none"> <li>● As of the end of 2023, CZBank had handled an aggregate of USD 3.61 billion in financing through multiple channels including the “Cross-Border Asset Pool”, “Import Pool Financing”, and “Export Pool Pledge”.</li> </ul>
<p><b>Offering foreign exchange hedging solutions</b></p>	<ul style="list-style-type: none"> <li>● We offered a 24/5 foreign exchange trading service, enabling businesses to lock in exchange rates and optimize foreign exchange settlement prices via the “CZBank FX Trading Platform” during after-hours.</li> <li>● We advocated for the “FX risk neutrality” principle, recommending that companies mitigate exchange rate fluctuation risks based on their practical needs.</li> </ul>	<ul style="list-style-type: none"> <li>● By the end of 2023, the Bank had rendered FX hedging services amounting to USD 157.3 billion to more than 10,000 export-oriented firms, drastically alleviating their concerns about “going out”.</li> </ul>

	<ul style="list-style-type: none"> <li>● We launched a unique big data credit product, the “CZBank Data Pledged Loan”, reinforcing zero-cost exchange rate hedging operations.</li> </ul>	
<p><b>Supporting the construction of free trade zones</b></p>	<ul style="list-style-type: none"> <li>● We focused on facilitating the process of trade and investment receipts and payments, centralizing cross-border funds operation for multinational corporations, and supporting the re-export trade of high-quality enterprises.</li> <li>● We provided an array of comprehensive financial services in both local and foreign currencies, encompassing working capital loans, international settlements, trade financing, and exchange rate management.</li> </ul>	<ul style="list-style-type: none"> <li>● In 2023, we escalated credit support for the 40 million ton/year refining-chemical integration project, committing an import letter of credit valued at USD 1.422 billion for a chemical corporation in Zhejiang. We cumulatively provided USD 60.23 million loans secured by export accounts receivable to a petroleum enterprise in Zhoushan under the export credit insurance policy financing scenario.</li> </ul>

**Case: Cross-border linkage platform assists private business in offshore financing**

S Group Co., Ltd., a company established in the Shanghai Free Trade Zone, primarily focuses on ship manufacturing and ship accessories trading, with extensive experience in issuing corporate bonds domestically. In 2022, the company encountered difficulties in issuing an overseas bond due to complicated foreign trade patterns. CZBank, in collaboration with the Shanghai Free Trade Zone and its Hong Kong Branch, assisted the company in creating a “Pearl Bond<sup>4</sup>” plan, successfully issuing an offshore RMB bond for RMB400 million with a

4.Pearl Bond (Free Trade Zone Bond) refers to a type of bonds issued to domestic and overseas institutional investors who have opened free trade accounts within the free trade pilot zone. The China Central Depository & Clearing Co., Ltd. is responsible for issuing, registering, and serving as an agent for its redemption

three-year term in the Free Trade Zone. This made S Group the first private company in China to issue a “Pearl Bond”.

**Case: Finance assists foreign trade company in navigating challenges**

Runhe Catalyst Co., Ltd., a national-level specialized “Little Giant” enterprise specializing in the R&D, production, and sale of catalysts and molecular sieves, faced financial constraints that impacted their ability to fulfill foreign orders. Chengdu Branch recommended the “Export Data Loan”, utilizing the company’s historical export collection data to provide RMB7 million in liquidity support in less than a week, addressing the company’s urgent needs.



Figure: Customer manager of Chengdu Branch visited the enterprise

**Case: Jinhua Branch supports sustainable and stable development of Yiwu’s foreign trade enterprise**

In February 2023, Jinhua Branch, in collaboration with the Yiwu Administrative Office of the State Administration of Foreign Exchange, and the Yiwu Municipal Bureau of Commerce, organized a seminar on foreign exchange hedging policies. This event presented hundreds of attending foreign trade entrepreneurs with a comprehensive foreign exchange risk hedging service plan. Consequently, the “CZBank FX Trading Platform” was introduced. Taking into account the specific needs and characteristics of Yiwu’s market procurement and trade settlement, it pioneered the launch of the Special Market Procurement Business. This better caters to the hedging needs of enterprises, and so far, has served more than 30,000 individual foreign trade merchants, promoting a healthy and stable development of Yiwu’s foreign trade business.

## IV. Further Developing Inclusive Finance

CZBank consistently worked to develop its inclusive financial facilities, pioneering novel strategies to serve micro and small enterprises. A broadened array of inclusive financial products and services has been introduced and produced significant growth in the field of inclusive finance. By the end of 2023, the sum total of loans disbursed to micro and small businesses surpassed RMB2 trillion. These loans have supported the growth of over 600,000 such enterprises, generating upwards of 5 million employment opportunities. Over recent years, our outstanding loans have consistently topped the leaderboard of national banks. Moreover, CZBank has been recognized for three consecutive years as a first-level bank - the only joint-stock bank - in serving micro and small enterprises by the regulatory authority.

	Initiatives	Results
<p><b>Clarifying long-term service mechanism</b></p>	<ul style="list-style-type: none"> <li>● <b>Resource preference:</b> We proposed a business strategy of “assets weakly sensitive to economic cycles” and included all-inclusive products for micro and small enterprises in this category</li> <li>● <b>Fault tolerance and correction mechanism:</b> We have set a clear guideline that the non-performing loan ratio for micro and small enterprises should not exceed 3% of each loan category, and have implemented a due diligence and relief mechanism for micro and small financing</li> <li>● <b>“CZBank Ethics Standard” for micro and small enterprises:</b> We established an ethics rating system specific to micro and small</li> </ul>	<p>By the end of 2023, the outstanding balance of inclusive loans for micro and small enterprises stood at RMB320.128 billion, illustrating CZBank’s leading position in the industry.</p>



	customers and initiated a pilot implementation throughout the process	
<b>Innovating featured products and services</b>	<ul style="list-style-type: none"> <li>● <b>Digital reform:</b> We innovatively launched a range of online inclusive loan products such as the “Data Asset Loan” and “Inclusive Data Asset Loan”</li> <li>● <b>Scenario-based financial services:</b> According to the unique industries, associated strengths, and financing challenges of 26 mountainous counties, we have customized 59 “Common Wealth Loan” products which are mortgage free.</li> </ul>	As of the end of 2023, more than RMB300 millions of Data Asset Loans has been granted, benefiting over 800 self-employed individuals and other micro and small customers. The “Common Wealth Loan” initiative extended RMB5.5 billion in credit throughout 26 mountainous counties, of which RMB1.335 billion in loans had been issued, benefitting more than 1,700 farmers, new rural business entities, solopreneurs, and micro-enterprises.
<b>Exploring comprehensive service solutions for micro and small enterprises</b>	<ul style="list-style-type: none"> <li>● Given the financing challenges commonly encountered by micro and small enterprises in industrial parks, we’ve developed six specialized sub-products, and developed the “6+N” Comprehensive Financial Service Plan for Micro and Small Enterprises in Industrial Parks, catering to the financial requirements of these enterprises during their complete operational cycles.</li> </ul>	As of the end of 2023, nearly 2,000 micro and small industrial park projects have been developed, with loan balance surpassing RMB55 billion, an increase of RMB13 billion from the beginning of the year.

**Case: CZBank helped small and medium enterprises reduce financing costs**

- **Wuhan Branch** and Hubei State-owned Equity Management Co., Ltd. signed a cooperation agreement on providing affordable and transparent emergency on-lending services to micro, small, and medium enterprises. For eligible enterprises facing temporary cash-flow challenges, Wuhan Branch would proactively provide the Emergency Relending Relief Fund, offering a short-term financial bridge not exceeding ten days, so that they may repay and renew loans on time.
- **Quzhou Branch** has reduced on-lending fees for 196 enterprises and provided 293 on-lending loans worth RMB3.34 billion from the government on-lending funds.

**Case: Financial bailout helps build a strong local moss chain**

Runsheng Moss Technology Co., Ltd. is the only specialized moss planting enterprise in China. Its core operations include large-scale indoor moss decoration, municipal greening, and mountain slope greening, among others. As the company ramped up its R&D and marketing investment, it faced a financial shortfall. Besides, it urgently needed investment to implement the plan of collaborating with surrounding towns and villages to establish a moss base, stimulating local prosperity. Lishui Branch proposed the “Talent and Sci-Tech Innovation Loan” to the enterprise. With patents in areas such as bryophyte air purification devices and moss planting methods, the enterprise successfully secured a mortgage-free loan of RMB4.95 million. This financial boost has facilitated both economic growth as well as the creation of considerable social value.



Figure: Moss planting area in Maoyang Township

**V. Supporting Rural Revitalization**

To holistically advance rural revitalization in line with the guiding principles from the 20th CPC National Congress report, we’ve explored financing channels for rural areas according to their local characteristics.

<p><b>Launching special policies to meet development needs</b></p>	<ul style="list-style-type: none"> <li>● We formulated the <i>Notice on Accelerating the Development of Green Finance and Rural Revitalization Finance in 2023</i>, establishing clear concepts, operational objectives, pivotal tasks, and work expectations for our rural revitalization efforts.</li> <li>● We developed agriculture-related and inclusive agriculture-related credit plans, designated tasks to various business units and operational entities, and supervised their implementation of such tasks.</li> </ul>
<p><b>Continuously optimizing financial resource allocation</b></p>	<ul style="list-style-type: none"> <li>● As mentioned in the 2023 business policy, an additional 25BP discount was given to inclusive agriculture-related loans for micro and small enterprises.</li> <li>● Branches overfilling agriculture-related and inclusive agriculture-related loan targets were granted with special awards, stimulating further growth in the rural revitalization business.</li> </ul>

**Case: “Luochuan Apple Loan” accelerates local growth**

Luochuan apples, rated as a national geographical indication, and a prestigious “national gift” presented to foreign heads of state, are exported to over 50 countries and regions. In September 2023, based on an investigation of the apple market in Luochuan, Xi’an Branch customized the “Luochuan Apple Loan”, and issued the first tranche amounting to RMB3 million. Generally, RMB110 million of loans have been granted to 40 micro and small customers within the apple industry chain.

**Case: Finance safeguards people’s “vegetable basket”**

Keao Agriculture, located in the suburbs of Ningbo, is one of the largest vegetable bases in

the region, operating via an “Internet + Vegetables” sales model. Delays in obtaining government subsidies for agricultural funds stalled the expansion plans for more than ten new modern agricultural greenhouses. Responding to this, Ningbo Zhenhai Sub-Branch offered a RMB500,000 Rural Revitalization Credit Loan to the company through a green channel every other day, ensuring continuous supply of credit funds for food security.

### **Case: Innovative rural financial product helped farmers navigate market cycle**

#### **'Insurance + Futures + Financing' Model**

The lengthy pig breeding market cycle coupled with significant price fluctuations have always been major challenges facing pig farmers in Quzhou. Strongly backed by the Quzhou Municipal Government and the Dalian Commodity Exchange, CZBank teamed up with several institutions to launch the largest “Insurance + Futures + Financing” project in Zhejiang Province. A total of 123 farmers partook in the pilot project, contributing RMB3.425 million while leveraging external financial support of RMB16.5 million. The funds provided a risk safeguard of RMB500 million for over 200,000 pigs in five mountainous counties, including Qujiang District and Longyou County. Since the launch of the pilot project, the average pig breeding scale of participating farmers has increased by 33%, and spot income has risen by more than RMB350 million.

#### **“Supply Chain Distribution” Model**

Jiangxi hosts a large number of pig breeding enterprises, represented by Twins Group. As the industry consolidation continues, the emerging “Enterprise + Farmer” breeding model has become the market mainstream. However, as expansion continued, companies encountered cash flow issues, and farmers also struggled to pay these companies. Noticing this, Nanchang Branch specially customized the “Supply Chain Distribution” model for the company and its downstream farmers. Supported by the Supply Chain Finance Digital Intelligence Platform and previous transaction record data, farmers can secure loans in as fast as 20 minutes without the need for asset mortgages. By the end of 2023, RMB1.688 billion had been granted to 1,344 upstream and downstream farmers of Twins Group under the “Supply Chain Distribution” model.

## Chapter II Building a Green Financial Ecosystem

Green represents the powerful backdrop we need for high-quality and sustainable development. In recent years, guided by new development philosophies, CZBank has unequivocally grasped the historical opportunities arising from green transformation. We've been vigorously developing green finance and offering a plethora of financial services geared towards the construction of an ecological civilization. Our financial support continues to foster greener landscapes and clearer waters. We're accelerating the shift to low-carbon development, proactively mitigating climate change risks, and striving for high-quality, sustainable growth.

Contribute to the UN SDGs:



### I. Actively Responding to Climate Change

Addressing climate risks has evolved into a universal challenge confronting financial institutions globally. As a pivotal player in green climate financing, CZBank has conducted comprehensive and in-depth analysis of China's overall development trends. Organizing our strategies in line with the "dual carbon" goals, we've enhanced our capabilities in assessing climate change risks and improving transparency with information disclosure.

#### (I) Governance Structure

CZBank is deeply committed to addressing climate change. We have established a comprehensive green financial governance structure and a policy ecosystem that enable us to accurately promote low-carbon, green economic and social development. By implementing robust measures, we are driving the high-quality, sustainable, and consistent growth of green finance throughout our institution.

#### Board of Directors

- It is responsible for the formulation of green finance development strategies, policies, and objectives, as well as the reviewing and approving of green finance goals and reports submitted by the senior management.
- The Strategy and Sustainable Development Committee under the Board develops the green finance development strategy and supervises and evaluates its implementation.

<b>Senior Management</b>
<ul style="list-style-type: none"> <li>● We have established the Green Finance Development Leading Group and the Supporting Carbon Peaking and Carbon Neutrality Leading Group led by the President of the Head Office, with members from the senior management of the Head Office.</li> </ul>
<b>Execution layer</b>
<ul style="list-style-type: none"> <li>● The Green Finance Development Leading Group is divided into four specialized teams: Brand Building, Marketing Promotion, Development Research, and Policy Implementation. The structure facilitates cross-department collaboration, ensuring the effective execution of key measures.</li> <li>● The Corporate Banking Department of the Head Office has established a dedicated sub-department: the Energy Finance Department. Similarly, the Credit Appraisal Department of the Head Office has created an energy (dual-carbon) financial review center, focusing strongly on professional operations and management.</li> <li>● Every branch and subsidiary have instated a dedicated working group to support the carbon peaking and neutrality goals, fulfilling various task requirements.</li> <li>● Established Huzhou Branch as a demonstration bank for green financial reform and innovation and Quzhou Branch as a pilot institution at head office level.</li> </ul>

**(II) Identifying Climate Risks and Opportunities**

CZBank has orchestrated a risk “identification, assessment, and management” mechanism to address climate issues. It enables the identification of climate risks and opportunities confronted by the Bank and provides approaches to assess the immediate and potential impact of climate-related issues on our business, strategies, financial status, and other operational aspects. It also measures how conventional financial risks such as credit risk, market risk, and liquidity risk, are affected by climate change. Finally, it estimates the duration and extent of climate impact, and helps develop effective climate risk management measures.

## 1. Physical Risk

Risk Category	Risk Impact Description	Potential Major Financial Impact	Duration	Countermeasures
Extreme Climate Risk	<p>In recent years, the world has seen an uptick in extreme weather events, including severe heatwaves, droughts, heavy rainfall with subsequent flooding, and widespread wildfires. These unpredictable incidents have significantly increased, posing potential damage to our offices, outlets and other physical infrastructure. Such hazards could obstruct normal operations, impact business continuity, and even pose threats to our employees' life and property security.</p>	<p>Increased operating costs</p>	<p>Long term</p>	<ul style="list-style-type: none"> <li>● We intensified our commitment to carbon neutrality, promoting green offices, procurement, and buildings. We encouraged bank-wide paperless operations, advanced the construction of green data centers, and championed conservation efforts to reduce water, paper and power consumption, as part of our active commitment to social responsibility.</li> <li>● We elevated the scale of financial digitization, propelling a transformation that made our financial business processes more online-oriented, digital, and automated.</li> </ul>

Long-term Climate Risks\	Global climate warming and rising sea levels may cause shortages of water supply and power supply, etc., which will have an impact on our office and outlet operations, and even employees' life and property security, affecting normal business activities.	Increased operating costs	Long term	<ul style="list-style-type: none"> <li>● We focused on developing smart service outlets. By promoting lightweight off-counter information display &amp; e-signature equipment and adopting electronic vouchers and e-seal technologies, we are able to offer paperless smart outlets, providing customers with secure, convenient, and low-carbon financial services.</li> <li>● We formulated business continuity emergency response plans, and routinely organized bank-wide drills. We persistently enhanced comprehensive service features like online operations and cross-functional coordination. We also escalated the allocation of resources for emergency workspace and strengthened the mechanisms that ensure the continuous operation of vital business components under extreme scenarios.</li> </ul>
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## 2. Transition Risks

Risk Category	Risk Impact Description	Potential Major Financial Impact	Duration	Countermeasures
Credit Risk	Natural disasters or shifts in the climate can deteriorate a borrower's operating conditions, reduce profitability, or depreciate assets. Collateral might suffer damage, leading to depreciation in value. Furthermore, the borrower may find it challenging to adapt to evolving environmental laws, regulations, and policies, thereby potentially hampering	The loan cannot be recovered in full, the Bank's income decreases while costs increases.	Medium and long term	<ul style="list-style-type: none"> <li>● We maintained a cautious risk appetite and steady business strategy, upholding our "prudent and stable" risk preference in tandem with the "small-amount, diversified" credit principle. We stayed dedicated to our "Ethics Finance" ethos and the strategy of "creating a "ballast" of assets less sensitive to economic cycles", facilitating the optimization of our entire business structure.</li> <li>● We fortified the management</li> </ul>



Risk Category	Risk Impact Description	Potential Major Financial Impact	Duration	Countermeasures
	<p>their ongoing operations. As a result, all these factors can contribute to potential debt defaults or changes in credit quality which could, in turn, inflict financial losses on the Bank.</p>			<p>and oversight throughout the whole credit process. Specifically, we intensified customer risk identification, continually strengthened our forward-looking research and judgment, enhanced preventative measures and controls in critical areas, augmented post-loan management capabilities, and consistently monitored customer operational trends.</p> <ul style="list-style-type: none"> <li>● We drove the development of an intelligent risk control mechanism. This includes upgrading the big data risk control platform, broadening data sources, and refining toolkit of risk management—such as risk warning, customer profiling, and quantitative evaluation. We also enhanced the sophistication of intelligent early warning, monitoring, and analysis across all stages and processes.</li> </ul>
Liquidity Risk	<p>The implications of natural disasters, as well as climate and environmental shifts, can cause the business conditions of individual or corporate customers to deteriorate. This situation may lead to a difficulty in regular loan repayment or significant withdrawal of funds, creating a sizable funding deficit. Consequently, banks may not procure sufficient capital to repay due debts, fulfill other financial obligations, or maintain usual business</p>	<p>Loan funds cannot be recovered normally, deposits flow out significantly, and the funding gap widens.</p>	<p>Medium and long term</p>	<ul style="list-style-type: none"> <li>● We improved risk forecasting capabilities to enable timely adjustments to asset and liability management strategies.</li> <li>● We amplified attention towards liability management, including broadening our base of long-term funding sources, and persistently increasing the proportion of stable liabilities.</li> <li>● We enhanced the management of high-grade liquid assets to boost our capacity to mitigate liquidity risks.</li> <li>● We bolstered our early-warning monitoring and management of</li> </ul>

Risk Category	Risk Impact Description	Potential Major Financial Impact	Duration	Countermeasures
	operations. Such issues could result in market-wide liquidity tightening, creating broader financial instability.			liquidity, refined our liquidity risk contingency plans, and conducted regular emergency drills.
Market Risk	As ESG principles continue to gain traction, future customers may display a stronger preference for products and services that offer social and environmental value. Should we be unable to develop related products promptly, we could face risks, including customer attrition and diminishing demand for our products and services. Such developments could hinder our long-term sustainable growth and potentially lead to a decline in the company's valuation.	Reduced revenue due to lower demand for products and services	Medium and long term	<ul style="list-style-type: none"> <li>● To implement the “dual carbon” strategy, we proactively developed and introduced financial products and services that align with ESG principles, thereby fortifying our portfolio of green financial solutions.</li> </ul>
Reputation Risk	As society becomes increasingly alert to issues of climate change and environmental protection, our Bank could face significant reputational risks if our operations negatively impact the climate or lead to environmental pollution mishaps. These may be due to inadequate ESG risk management or insufficient oversight during business development. Such actions could generate negative publicity, thereby affecting our standing with the public.	The demand for products and services decreases, which in turn affects revenue, stock price valuation, etc.	Short, medium and long term	<ul style="list-style-type: none"> <li>● Recognizing the significant impact of environmental and climate risks on our reputation, we've integrated climate risk into our reputation risk management system.</li> <li>● We intensified the monitoring and tracking of reputation risk associated with climate change and green finance. Moreover, we established a proactive response mechanism for potential negative events, and enhanced our ability for forward-looking analysis and evaluation, all with the aim to minimize the impact of reputation risks.</li> </ul>

Risk Category	Risk Impact Description	Potential Major Financial Impact	Duration	Countermeasures
IT Risk	As financial institutions undergo green transformation, alongside a simultaneous comprehensive shift toward digitalization, online and smart business functions are accelerating, leading to an explosion in data volume. With this expansion, network security risks, such as data leaks, ransomware, and hacker attacks, are experiencing a sharp surge. The process of digital transformation also introduces the use of cutting-edge technologies, like large-scale AI models, exposing us to risks such as incomplete maturity and uncontrolled security complications.	Increase in operation and maintenance costs and R&D costs	Medium and long term	<ul style="list-style-type: none"> <li>We persistently fortified the development of data security management, technology, and operation systems. Also, we increased the allocation of human, financial, and material resources dedicated to network security, enhancing our overall standard of network security.</li> <li>We understood and maintained the dynamic balance between innovation and risk control. We performed comprehensive assessments before implementing new technologies, and intensified our ongoing monitoring, analysis, and judgment.</li> </ul>
Strategic Risk	The implementation of the “dual carbon” strategy could potentially affect various aspects of commercial banks, such as their business models, customer operations, and revenue streams. Failure to promptly adapt our development strategy to these changes could introduce associated risks that may impact our performance and stability.	Reduced revenue from conventional businesses and limited growth in emerging business revenue, resulting in pressure on revenue	Medium and long term	<ul style="list-style-type: none"> <li>We framed a green finance development strategy as well as a “dual carbon” master plan. In addition, we intensified industry investment research and vigilantly tracked evolving trends in green and low-carbon industries. Actively, we pursued innovation in green financial products and services.</li> </ul>

### 3. Opportunities

Opportunity Category	Opportunity Description	Potential Major Financial Impact	Duration	Responses
Transformation Opportunities	As society pivots towards a greener future, new energy forms are being incorporated	Drive cost reduction	Long term	<ul style="list-style-type: none"> <li>We emphasized green operations by advancing the online, digital, and intelligent transformation of our services. We refined the</li> </ul>

Opportunity Category	Opportunity Description	Potential Major Financial Impact	Duration	Responses
	<p>widely and the degree of digitization continues to amplify. In response, financial institutions are initiating their own green transformations, adhering to environmentally-friendly operations and workspace practices. This not only diminishes resource consumption, but also enhances their capacity to adeptly respond to climate-related challenges.</p>			<p>counter business operations to enhance smart operations and convenience. We deepened the electronic transformation of voucher seals, electronic register book, and electronic journal vouchers. We broadened remote banking application scenarios to minimize users' carbon footprints.</p> <ul style="list-style-type: none"> <li>● We championed a green office environment by promoting a paperless, online workspace and building green data centers. We infused energy-saving principles into infrastructure development and encouraged green procurement, among other initiatives.</li> </ul>
Market Opportunities	<p>The goal of achieving carbon peaking and carbon neutrality spans numerous sectors within the national economy. Reaching these milestones across all industries necessitates capital investment on an unprecedented scale. Such formidable financial requirements present vast opportunities for financial institutions.</p>	Promote revenue growth	Long term	<ul style="list-style-type: none"> <li>● We enhanced research into pivotal industries achieving carbon peaking and neutrality and introduced dedicated policies to support these advancements.</li> <li>● We fortified our policy-led guidance, grasped the pathway towards green and low-carbon economic and social transformation, steadily yet systematically promoted dual-carbon financial services, and backed the low-carbon transition of high-carbon, efficient enterprises.</li> <li>● We persisted in bolstering cooperation with government departments and businesses regarding green, digital finance platforms.</li> </ul>
Product and Service Innovation Opportunities	<p>After years of executing green financial transformations and showcasing exemplary</p>	Broaden revenue sources and	Long term	<ul style="list-style-type: none"> <li>● We explored and advanced innovative products and models within green finance scenarios to deliver customers a convenient</li> </ul>

Opportunity Category	Opportunity Description	Potential Major Financial Impact	Duration	Responses
	green financial reform pilot areas, China's portfolio of green financial products and services has significantly expanded. Financial institutions are persistently evolving, accelerating the refinement of business processes, enhancing risk management structures, and actively advancing innovation in green financial products and services.	increase profitability		service experience while simultaneously guiding and facilitating the green transformation of the industry.

### (III) Managing Climate-Related Risks

CZBank maintains an acute awareness of climate and environment-related risks. We've built a climate change risk management system, actively undertaken climate risk stress tests, and applied the TCFD framework to facilitate climate information disclosure efforts. All this empowers us to respond effectively to the long-term risks ushered in by climate change.

<p><b>Establishing a climate change risk management system</b></p>	<p>In 2023, we developed the <i>Measures of CZBank for Environmental, Social, and Governance Risk Management</i> which seamlessly integrated ESG risk management into our comprehensive risk management system. This system spans across diverse functions such as due diligence, review and approval, contract conclusion, loan management, and post-investment and loan management as follows:</p> <ul style="list-style-type: none"> <li>● <b>Due Diligence:</b> We undertook rigorous due diligence on ESG risks, reflecting the industry-specific and regional characteristics of our customers and their projects. We also applied classified management based on the severity of the ESG risks faced by our credit customers.</li> <li>● <b>Review and Approval:</b> We've incorporated the ESG risk reviews of customers or projects into the credit review and approval process. In cases where ESG risk performance is poor, a "one-vote veto" was rigorously enforced during the credit review and approval stage.</li> <li>● <b>Contract Conclusion:</b> For customers identified with medium or high ESG risk, the contracts would include independent clauses urging</li> </ul>
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	<p>them to strengthen their ESG risk management.</p> <ul style="list-style-type: none"> <li>● <b>Loan Management:</b> We routinely reviewed customers’ management and control of ESG risks, attentively observed risk hazards, and, if major risks were confirmed, we took actions to suspend or terminate the loan under the terms of the contract.</li> <li>● <b>Post-Investment and Loan Management:</b> We leveraged big data to assess customers’ ESG risk status and established the internal reporting and accountability mechanisms to manage significant ESG risks presented by customers. We carried out climate risk stress tests and regularly conducted key ESG-related inspections or spot checks.</li> </ul>
<p><b>Conducting climate risk stress tests</b></p>	<p>In 2023, we decided to expand the scope of climate risk stress tests to eight high-carbon industries, including electricity, steel, building materials, non-ferrous metals, aviation, petrochemicals, chemicals, and papermaking. Using the data as of the end of 2022 as our baseline and selecting a test period of eight years, we measured the entire industry under stress scenarios, noting changes in loan quality and capital adequacy ratio for customers within these high-carbon industries.</p> <p>The stress test results were enlightening. Assuming customers in high-carbon industries did not transition towards lower carbon models, the tests indicated their repayment abilities would, in all likelihood, diminish under stress scenarios. This would lead to a gradual increase in the probability of default and non-performing loan ratios within the high-carbon industries. However, as our Bank’s proportion of loans to these high-carbon industries is limited, the overall impact on our credit asset quality remained minimal. Moreover, the calculated capital adequacy ratios, under mild, moderate, and severe stress scenarios, continued to meet regulatory requirements thus suggesting that risks remained generally controllable.</p>

#### (IV) Development Goals and Progress

The Bank’s goals related to green finance and environmental risks are as follows:

<p><b>Development goals set forth in the <i>CZBank Green Finance Development Outline:</i></b> Starting in 2020, focus on improving the green finance work across the entire Bank, and steadily increase the</p>	<p><b>Intermediate goals set forth in the <i>CZBank Green Finance Development Three-Year Enhancement Plan (2021-2023):</i></b> Continuously promote the high-quality, sustainable, and steady</p>	<p><b>Annual development goals from the <i>Notice on Accelerating the Development of Green Finance and Rural Revitalization Business in 2023:</i></b> By 2023, all bank loans meet the regulatory requirements</p>	<p><b>Carbon peaking and neutrality goals from the <i>Action Plan of CZBank to Support Carbon Peaking and Carbon Neutrality (2021-2025):</i></b> The growth rates of green loans and carbon</p>
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contribution of green finance to operational efficiency, creating a leading green finance bank (group) in China.	development of the Bank’s green finance; make steady improvements in the development of green business, innovation in product services, and management of environmental risks; and maintain a good level within the industry in green finance reviews.	(minimum green loan growth rate and proportion requirements). Continue to intensify the promotion of carbon emissions reduction tools, and to expand the scale of green bond holdings and underwriting business.	neutrality loans from 2021 to 2025 are not less than the average growth rate of all loans across the Bank.
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CZBank diligently adheres to the aforementioned strategic pathway, fostering an organized execution of the various initiatives. For an in-depth illustration of the initiatives and their progress, please refer to the following “Developing Green Finance”.

## II. Developing Green Finance

In recent years, CZBank has actively echoed and supported key national decisions and strategies, vigorously advancing the development of green finance, while playing a proactive role in achieving the dual goals of “carbon peaking and carbon neutrality”. We’ve incorporated the impetus to “actively develop green finance and assist in attaining carbon peaking and carbon neutrality” into our “Fourteenth Five-Year” development plan. Meanwhile, we persist in enhancing the quality and efficiency of green financial services, accelerating the expansion of green finance operations. Maintaining our commitment to serving the real economy, we provide precise support to the low-carbon, green economic and social development.

**Optimizing leadership structure to orchestrate green finance development:** The Board of Directors is responsible for establishing the Bank’s green finance development strategy, supervising its implementation, and formulating relevant policies and systems. In 2023, the Bank issued the *Notice on Accelerating the Development of Green Finance and Rural Revitalization Business* to articulate our overarching development concepts, primary objectives, and crucial tasks for the year.

**Intensifying policy guidance to actively facilitate green industry advancement:** We continued to reinforce credit policy directives, optimize credit asset structure, and actively support key projects in renewable energy infrastructure development. We emphasized support for high-potential green enterprises, and envisaged comprehensive credit policies around key green industries, with specific directives for sectors like wind power, photovoltaic power, hydropower, nuclear power, new materials, and electric vehicles.

**Delving deeper into professional operations to enhance green financial service quality**

**and efficiency:** The Head Office specially established an Energy Finance Department and an Energy Finance Review Center to bolster the development of green finance operations. In addition, we accelerated the establishment of the Green Finance Reform and Innovation Experimental Zone and encouraged the pilot green finance innovation reforms of Huzhou Branch and Quzhou Branch with supportive policies and measures.

**Fortifying incentive policies to augment the prioritization of green financial resources:** CZBank continued to amplify green finance evaluation and incentive policies, optimized the allocation of operational and financial resources, and extended preferential policies and exclusive expense incentives for green financial operations. We've included a green approval pathway, providing differentiated approval resources to ensure efficient execution of the business.

**Enhancing management processes and proactively advancing quality information disclosure:** We have integrated ESG risk controls into our comprehensive risk management system. In 2023, we formulated the *Measures of CZBank for Environmental, Social, and Governance Risk Management*, and enhanced information disclosure, providing society with timely and accurate information. This includes publicizing our Bank's outstanding initiatives in areas such as supporting the low-carbon economy, energy conservation, environmental protection, and ESG management.

### **(I) Green Credit**

CZBank's basic credit policy has prioritized financial support to green finance and "dual-carbon" fundamental industries. This stance encourages the development of a clean, low-carbon, secure, and efficient energy system. The main focus is on assisting industries that foster energy conservation, carbon reduction, clean energy, resource utilization, and the circular economy, alongside ecological conservation and utilization, the green upgrade of infrastructure, and green service industries. Priority is given to the establishment of renewable energy projects like large-scale wind and solar power facilities, "renewable energy + energy storage" projects, projects integrating energy sources, grids, loads and storage, and complementary multi-energy projects. We supported the smooth transition of conventional industries characterized by high energy consumption and high emissions to cleaner, low-carbon alternatives. By the end of 2023, our balances of green loans and of loans associated with clean energy industries were RMB203.436 billion and RMB17.120 billion, up RMB57.513 billion or 39.41%, and RMB4.619 billion or 36.95%, respectively, maintaining pace with the growth rate of various other loans.

In parallel, we classified industries linked to "high pollution, high energy consumption, and excess capacity" as "industries under reliable control", setting limits on loans flowing into such industries. In addition, we optimized the credit asset structure, and developed specific credit policies for sectors such as coal, steel, and thermal power.



Credit policy for the coal industry	Credit policy for the steel industry	Credit policy for the thermal power industry
<p>Given China’s largely coal-dependent infrastructure, we actively endorse the clean and efficient use of coal, backing coal-fired power enterprises in their roles of peak shaving and guaranteed supply.</p>	<p>Customers seeking our support must comply with national standards on environmental protection, energy consumption, product quality, and workplace safety. Their primary production capabilities should not be in the restricted and eliminated categories as per the most recent version of the <i>Guidance Catalogue for Industrial Structure Adjustment</i>. The projects should meet criteria for clean and green production at low-carbon and environmental levels. This implies that the process equipment, environmental energy consumption, and product quality must meet or exceed prevailing national standards.</p>	<p>Thermal power companies must reinforce environmental risk management. Projects’ environmental, emissions, energy consumption levels, and other parameters must adhere to relevant national regulations. Use of environmentally friendly and energy-saving technologies is required, and appropriate environmental protection devices must be installed. The energy consumption of thermal power units, as well as air pollutant emissions, must comply with respective national standards. Engaging with restricted or phased-out projects is strictly prohibited.</p>

**Case: Easy Carbon Loan — aiding governments to foster energy conservation, emission reduction, and green development**

Among the first cities to be designated as national green finance reform and innovation pilot zones, Quzhou and Huzhou in Zhejiang leveraged CZBank’s “Easy Carbon Loan”. This special loan program uses corporate carbon emissions data to inform credit decisions, providing financing services for enterprises in aspects such as energy conservation, carbon reduction, emissions reduction, and technological upgrading. For businesses with high carbon reduction levels, certain loan interest rate discounts are offered to alleviate financing difficulties and reduce financing costs. By the end of 2023, the balance of Easy Carbon Loans stood at RMB1.396 billion.

**Case: “PV Loan” & “Bank + Leasing” — dedicated to serving the new energy sector**

Chint Anneng Digital Power (Zhejiang) Co., Ltd. provides rural users with an all-inclusive rooftop PV solution. So far, it has installed 500,000 systems nationwide. CZBank crafted a holistic financial service plan— “Supply Chain Finance + PV Loan + Finance Lease”—to cater to industry financing needs. This plan covers the entire industry chain, from upstream supplier procurement, core enterprise production, and sales by downstream dealers, to the installation, operation, and maintenance by end farmers. As of the end of 2023, we had funded more than RMB2 billion to nearly 150 customers along the supply chain and issued over RMB5 billion of loans to end farmers, benefiting more than 50,000 farmers.

**Case: CZBank signed green finance cooperation memorandum with Hong Kong Quality Assurance Agency**

In February 2023, the Hong Kong Branch and the Hong Kong Quality Assurance Agency signed a memorandum of cooperation on green finance. Aimed at enlarging the amicable collaboration in green finance, both parties pledged to contribute to environmental protection and sustainable social development, assist in building the Greater Bay Area Green Finance Center, and actively work towards the goals of carbon peaking and neutrality.

**Case: Hefei Branch signed strategic agreement with Sungrow to promote green development**

In 2023, Hefei Branch will solve the financial needs of farmers for purchasing photovoltaic power generation equipment through the precise wind control of big data and the use of the "digital credit certificate" + "distribution pass" + "bank-rental linkage" in-depth fusion programme and will achieve a 200% doubling of the installed capacity of sunshine household photovoltaic. The sunshine family PV has achieved a 200% doubling of installed capacity and derived the "PV+" economic model of "PV+breeding", "PV+planting", "PV+farming" and "PV+cultivation", which can be used for multiple purposes. "PV+Tourism"..... The original monotonous form of animal husbandry, fishery and planting industry has been upgraded to a new industry with highly efficient integration of economic, ecological, and social effects. In addition, the employment of local villagers to carry out PV cleaning and other work has also driven the villagers to "secondary employment".



Figure: Photovoltaic +Fishery (Left) and Photovoltaic+ Animal Husbandry (Right) projects

**(II) Green Bonds**

Green bonds play a vital role in establishing China’s green finance system and fulfilling the central government’s mandate for vigorously promoting green finance. CZBank has been actively developing innovative bond products such as green bonds and carbon neutrality bonds. As of the end of 2023, the Bank had issued five green and blue bonds for RMB3.153 billion and has raised RMB10 billion from green finance bonds. These funds mainly went to 44 green projects in such sectors as energy conservation, environmental protection, clean

production, clean energy, ecological environment industries, and green infrastructure upgrades.

**Case: CZBank independently underwrote China’s first green PPN**

In May 2023, CZBank successfully underwrote the first tranche of a green PPN issued by China Kangfu International Leasing Co., Ltd. in 2023, which is the first green PPN in China. The bond raised RMB500 million, and all funds sourced are allocated for the purchase of power generation equipment for a clean energy project. The project can cut carbon dioxide emissions by 1,623,500 tons annually and offset 632,400 tons of standard coal. This is a meaningful effort towards optimizing the energy structure and achieving carbon peaking and neutrality goals.

**Case: CZBank assisted Shenzhen Government in issuance of offshore RMB bonds**

In August 2023, with the collaborative assistance of CZBank Hong Kong and Shenzhen Branches, the Shenzhen Municipal People’s Government successfully issued RMB5 billion worth of offshore RMB green and social responsibility bonds in Hong Kong. The funds garnered are slated for investment in education, clean transportation, water management, healthcare, and older residential area renovation projects. On the day of bond pricing, there was active subscription from investors across various countries and regions, resulting in 4.1 times oversubscription—a record high. This significantly boosted the internationalization of the RMB and the development of the Greater Bay Area.

**Case: CZBank supported renewable energy**

In December 2023, CZBank underwrote the “23 Ronghe Financing MTN008 (Carbon Neutrality Bond)” issued by CPI Ronghe Financial Leasing Co., LTD. for RMB1 billion. All funds raised will be directed towards PV, wind power, and other renewable energy projects. The issuance is estimated to reduce 252,200 tons of carbon dioxide emissions (replacing 98,600 tons of standard coal), 34.51 tons of sulfur dioxide emissions, 51.94 tons of nitrogen oxide emissions, and 7.53 tons of soot emissions each year.

**(III) Green Wealth Management**

In the quest to achieve carbon peaking and carbon neutrality, innovative financial products—chiefly those related to green finance — are becoming the leading direction in the formulation of financial products. CZBank continues to develop and launch green financial products in alignment with this evolving context.

In August 2023, serving as the primary sales channel, CZBank successfully sold RMB119 million of the “Taiping Low Carbon Economy Hybrid Initiated Fund”. This fund focuses on new industries, technologies, and business models that are conducive to the development of a low-carbon economy, presenting mid-to-long-term investment opportunities.

In September 2023, we launched our first ESG wealth management product — CZBank 2023 Yongying Tianli Anxiang No. 45 RMB Wealth Management. This product prioritizes investment in green industries, primarily rural revitalization and inclusive finance that are pivotal to high-quality development. Since its establishment, it has invested over RMB50 million in eight companies exhibiting outstanding ESG performance.

#### **(IV) Green Investment**

CZBank continues to prioritize aligning ESG investment principles with the goal of maximizing customer interests. In 2023, we partnered with some leading institutions to develop a comprehensive ESG evaluation system, encompassing three pillars: environmental management (E), social responsibility (S), and corporate governance (G). Each pillar consists of specific underlying evaluation indicators, ultimately creating an ESG framework for credit bond issuers. We've woven green finance, social responsibility, and environmental risk considerations into our asset management system's development, thus establishing a unique value investment model. As of the end of 2023, we had invested RMB910 million in 7 green bonds.

#### **(V) Green Consumption**

CZBank also proactively supports the *Implementation Plan on Promoting Green Consumption*, a mandate issued by NDRC and six additional departments. We facilitated consumers' green consumption practices by providing financial backing, upgraded the "Low-Carbon" Credit Card, and introduced installment plans for new energy vehicle consumers. These initiatives guide financial resources towards encouraging individual low-carbon behavior, starting from the demand side.

#### **Case Study: Upgrading of "Low-Carbon" Credit Card**



In 2023, we upgraded our "Low-Carbon" Credit Card, introducing three innovative benefits: cardholders may enjoy a 10% discount on subway and bus fares in over 40 cities nationwide; new users of the card are gifted a seasonal bicycle card; additionally, customers fulfilling the consumption standards are eligible to receive a monthly bicycle card. As of year-end 2023, a total of 13,385 green low-carbon cards have been successfully issued.



Figure: “Low-Carbon” Credit Card

### III. Upholding Green Operations

Green operations represent not only a crucial strategy for businesses to address global climate change but also a demonstration of their social responsibility. CZBank mitigates its environmental impact through implementing energy-efficient practices, reducing emissions, streamlining resource management, and promoting green ideologies. In doing so, we fulfill the expectations of our customers, investors, and external regulators, thereby creating greater societal value.

<p><b>Optimizing purchasing strategy</b></p>	<ul style="list-style-type: none"> <li>● During the procurement of household paper, engineering supplies, and other materials, we prioritized the selection of eco-friendly and low-carbon products and services, including energy-saving lamps and biodegradable household paper.</li> </ul>
<p><b>Promoting waste classification management</b></p>	<ul style="list-style-type: none"> <li>● The office areas and cafeterias were facilitated with categorized trash bins, accompanied by display boards encouraging correct waste segregation and active recycling of recyclable waste.</li> </ul> <div style="display: flex; justify-content: space-around;">   </div>
<p><b>Improving building energy efficiency</b></p>	<ul style="list-style-type: none"> <li>● Office lighting was dynamically adjusted according to natural light conditions, while property inspections were</li> </ul>

	<p>strengthened during non-working hours to turn off lighting equipment in non-essential areas, thereby curbing persistent light wastage.</p> <ul style="list-style-type: none"> <li>● To enhance air conditioning efficiency, each building was equipped with a flexible control system, adapting the use of fresh air fans and high-end air conditioners to indoor and outdoor temperature variations.</li> <li>● We maximized the utilization of video and telephone conferencing systems and electronic office systems, thereby improving off-site office meeting efficiency.</li> </ul>
<p><b>Actively promoting the construction of green outlets</b></p>	<ul style="list-style-type: none"> <li>● Business outlets incorporated intelligent lighting systems, LED light sources, variable frequency multi-connection systems, etc., to conserve electricity effectively. All bathroom products observe water-saving standards, and the selected decoration materials hold environmentally friendly certifications.</li> </ul>
<p><b>Promoting paperless business processes</b></p>	<ul style="list-style-type: none"> <li>● We systematically promoted the digitalization of seals to reduce the resource consumption associated with physical seals. By the end of 2023, we had digitalized the seals on documents related to more than 300 transactions and completed 38,953 special sealing tasks for electronic correspondence.</li> <li>● We launched the Bank Electronic Voucher Interoperability Platform and has completed its pilot run with several partners. The platform leverages basic functions like Electronic Voucher Assistant and OpenAPI to provide customers with diverse access methods.</li> </ul>
<p><b>Improving data center energy efficiency</b></p>	<ul style="list-style-type: none"> <li>● We adopted modular computer room design, the medium-temperature chilled water system, and frequency control to manage air and water volume, all reducing the energy consumption of the data center's air conditioning system.</li> <li>● The use of intelligent lighting fixtures with high-efficiency and energy-saving LED light sources enable us to effectively minimize the energy consumption of the lighting system through control by lighting area and light source group.</li> </ul>

	
<p><b>Reducing electronic waste generation</b></p>	<ul style="list-style-type: none"> <li>● We revitalized long-term inventory equipment and encouraged efficient equipment sharing, reducing equipment procurement costs by over RMB300,000 in total.</li> <li>● We regularly inspected equipment with sub-optimal performance or out-of-warranty across all buildings of the Head Office and arranged necessary maintenance and upgrades. As of the end of 2023, a total of 286 repairs and upgrades of various old and faulty equipment had been completed.</li> </ul>
<p><b>Delivering green concepts</b></p>	<ul style="list-style-type: none"> <li>● We comprehensively promoted green office and energy efficiency, posting water and electricity conservation signs in the workplace, and adjusting the temperature settings and working hours of public energy-consuming equipment based on seasons and usage needs. Besides, we guided the entire Bank to adopt a conservative, moderate, green, low-carbon, civilized, and healthy lifestyle and work style.</li> </ul> 
 <p>Figure: Hong Kong Branch's Coastal Cleanup Action</p>	 <p>Figure: Nanning Branch's employees planted trees in the Guangxi Financial Youth Forest</p>





Figure: Taizhou Branch organized young volunteers to plant trees



Figure: Lishui Branch was certified as a Zero-Carbon Outlet by the National Financial Technology Certification Center (Beijing)



## Chapter III Optimizing Customer Experience

In the surge of the digital era, steering strategies and practices towards creating value around customers is the mutual understanding. Our Bank adheres to a “customer-centered” business philosophy, conducting profound analysis and inquiry into customers’ holistic needs, addressing their key challenges, enhancing their service experience, and undertaking in-depth consumer rights protection initiatives. We strive to cultivate a safer, professional, diversified, and welcoming environment for our customers.

Contribution to the UN SDGs:



### I. Delivering Quality Services

In recent years, CZBank has diligently adhered to the mission of “Finance for the People”. With a focus on our customers’ financial service needs, we’ve continuously optimized our service processes and enhanced service experiences. From outlet layout and technology empowerment to caring for key groups, we have provided our customers with reliable, thoughtful, and premier services.

#### (I) Optimizing Outlet Management

CZBank continued to vigorously promote outlet management and service optimization. By the end of 2023, we had established 342 branches in 22 provinces (autonomous regions and municipalities) in Mainland China and the Hong Kong Special Administrative Region, effectively covering the Yangtze River Delta, Bohai Rim, Pearl River Delta, Haixi Region, and parts of the central and western regions.

**Furthering outlet brand building efforts.** CZBank has been rated as a “Leader” in aligning outlet service with national standards for the fourth year in a row. Across the bank, 309 outlets have achieved the National Standard Certification. In June 2023, the banking departments of Zhengzhou and Lanzhou branches were included in the 2022 Top 100 Model Banking Outlets for Providing Standardized Services by the China Banking Association.



Figure: Lanzhou Branch became one of the “Top 100 Model Banking Outlets”



Figure: Zhengzhou Branch became one of the “Top 100 Model Banking Outlets”

**Further improving the outlet service system.** We are committed to establishing a customer-oriented outlet service system that incorporates beneficence into regulations, actions and technological application. By the close of 2023, we had established 90 Senior Service Stations nationwide. Notably, Hangzhou Branch’s banking department was rated as the “Best Service Station” in 2023 by the All-China Federation of Trade Unions.



Figure: Hangzhou Branch’s Best Service Station



Figure: Senior service facilities at an outlet

**Improving the skills of outlet personnel.** By conducting banking skills competitions, presenting typical cases, and focusing on daily service scenarios, we’ve effectively improved the banking skills of our outlet personnel, successfully increasing customer satisfaction.



Figure: Banking Skills Competition	Figure: Sign language service provided by outlet personnel
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**Bolstering the emergency response capabilities of outlets.** We’ve established an emergency response system and conducted drills. We’ve also conducted training in cardiopulmonary resuscitation, the use of AED, and other relevant first aid knowledge. Across all our operations, we’ve organized 57 first aid training sessions, covering 1,298 outlet personnel.

**Case: CZBank outlets provided services for the Asian Games**

Our branches located in the six host cities of the Asian Games have played a crucial role in service support for the event. We intensified both software and hardware upgrades in branches located throughout Zhejiang Province. A comprehensive service enhancement has been implemented in branches within the six host cities, including the setup of dedicated Asian Games service counters. We accommodated foreign guests by providing bilingual announcements in the business halls, bilingual interface on ATM machines, and expert assistance in numerous foreign languages during hotline service. This has significantly facilitated the financial service needs of foreign individuals in Zhejiang. In addition, we distributed the “Asian Games” Service Manual in 83 outlets across the province, with over 8,700 copies made available to our customers. At Xiaoshan International Airport, we offered a tax refund agency service for overseas passengers. By the end of 2023, we’d facilitated a total of 637 tax refund transactions, amounting to a total tax refund of over RMB5 million.




Figure: Shaoxing Branch received a customer from Bangladesh at its Asian Games service counter

**(II) Leveraging Technology to Increase Quality and Efficiency**

CZBank has consistently elevated the effectiveness of its digital platform to manage an increasingly intelligent customer experience environment. By innovatively deploying digital technology and intensifying the use of digital tools, we are able to have a better

understanding of customers and identify anomalies, providing customers with more efficient and convenient online services.



<p><b>Applying digital solutions</b></p>	<ul style="list-style-type: none"> <li>● Comprehensively upgraded face recognition technology, increasing the success rate by 25%.</li> <li>● Incorporated NFC technology for physical documents, reducing manual verification time by 1-3 days.</li> <li>● Utilized SIM card authentication and digital signatures, supporting online product identity verification and contract signing.</li> <li>● Optimized the method for activating biometric authentication logins, enhancing login success rate by 7%.</li> <li>● Constructed big data AI models, achieving personalized recommendation of “Financial Selection” products.</li> </ul>
<p><b>Building digital platforms</b></p>	<ul style="list-style-type: none"> <li>● Created a remote banking service brand “CZBank e-Banking”, simplifying customer procedures while reducing operational costs.</li> <li>● Established a customer experience monitoring platform, on which 300 surveys have been published through a cloud survey system, thoroughly supporting bank-wide research.</li> <li>● Enhanced the digital customer operations platform, including developing an online operational anomaly detection system, to ensure account and fund safety. In 2023, we successfully blocked 834 high-risk transactions worth RMB800 million.</li> <li>● Designed a digital marketing platform, on which 16 campaigns have been conducted, strongly supporting product marketing for all business lines at the Head Office and branch levels.</li> </ul> 
<p><b>Improving mobile banking services</b></p>	<ul style="list-style-type: none"> <li>● In response to the demands of branches and overseas customers, we launched the English version of Online Corporate Banking, and completed the first cross-border remittance for Central Asian customers.</li> <li>● Further developed mobile banking functions, including collaborating with third-party payment service providers to enrich payment scenarios, increasing mobile payment market share.</li> <li>● As of the end of 2023, we had recorded over 6.08 million mobile banking users, up 17.84% from the beginning of the year.</li> </ul>
<p><b>Exploring digital RMB application scenarios</b></p>	<ul style="list-style-type: none"> <li>● Formulated the <i>2023 CZBank Digital RMB Work Plan</i> which offers a range of digital RMB scenarios such as Party fee payment, salary payment, foreign currency settlement, and tax payment.</li> <li>● Specially built service scenarios for the Asian Games, promoting the application of digital RMB. As of the end of 2023, 6 pilot branches in Zhejiang Province had opened 47,500 new Personal Wallets and 4,019</li> </ul>

	Corporate Wallets, with consumption and transfer amounts exceeding RMB5.3 billion and issued RMB19.45 million of digital RMB loans.
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### (III) Caring for Vulnerable Groups

CZBank maintains a steadfast commitment to serving vulnerable groups, consistently adhering to a people-first development philosophy. By staying true to our original mission - providing financial services for the people - the Bank empathetically responds to the needs of vulnerable groups, delivering sophisticated and convenient financial services tailored to their specific needs.

<p><b>Strengthening barrier-free services at outlets</b></p>	<ul style="list-style-type: none"> <li>● Hangzhou Wulin Branch introduced alternative facilities such as a dedicated call button and a temporary ramp, ensuring smooth access for senior and disabled customers. These initiatives made the branch one of the first “Barrier-Free” banks in Zhejiang.</li> </ul>  <ul style="list-style-type: none"> <li>● Accessibility features such as dedicated seats, dedicated waiting areas, priority lanes, wheelchairs, movable form-filling desks, braille cards, and handwriting boards were provided to vulnerable customers.</li> </ul>  <ul style="list-style-type: none"> <li>● Home visits were provided to elderly customers unable to visit the bank personally due to illness or unexpected circumstances, delivering “one-stop” financial service at the customers’ doorsteps relying on mobile business tools.</li> </ul>
<p><b>Improving APP’s aging-friendly functions</b></p>	<ul style="list-style-type: none"> <li>● We streamlined the registration, initial login, and equipment pairing procedures associated with the mobile banking app, making it more user-friendly for elderly customers.</li> <li>● The facial recognition system underwent an upgrade, significantly enhancing the approval rate of elderly customers’ face scans.</li> </ul>

- A new version of online customer services was launched, offering aging-friendly features like voice assistance and predictive text functionality. The system is now capable of showcasing the most recent inquiries made by a customer, in addition to presenting trending inquiry topics.
- “One-Touch Dialing to Customer Manager” was added to better address the financial advisory needs of senior customers.



**Case Study: Lanzhou Branch initiated collaborative “Senior Care Card” program**

Lanzhou Branch introduced a debit card service in collaboration with virtual nursing homes. With these cards, seniors can dine at partner restaurants affiliated with the virtual nursing homes and enjoy government-subsidized nutritious meal packages. As of the end of 2023, Lanzhou Branch had successfully distributed over 60,000 of Senior Care Cards.



Figure: Account managers of Lanzhou Branch visited an old lady at home to help her apply for a Senior Care Card

**II. Protecting Consumer Rights and Interests**

CZBank ardently adheres to the mandate of “people-oriented finance and customer protection”, recognizing the importance of consumer protection from the political perspective. In strict accordance with the *Measures for the Administration of Consumer Rights Protection of Banking and Insurance Institutions*, and other relevant regulatory measures, we diligently championed the safeguarding of consumer rights before, during, and after transactions, thus further reinforcing our preminent position within the industry.

## (I) Safeguarding Privacy and Information Security

CZBank places paramount importance on the protection of customer information and privacy. Through continuously refining working mechanisms and bolstering process controls in strict accordance with the principles of “legality, legitimacy, necessity, and integrity”, we’ve progressively enhanced our personal information protection systems and mechanisms.

<b>Customer Privacy Protection</b>	
<b>Updating privacy policies</b>	<ul style="list-style-type: none"> <li>● Updated the <i>Rules of CZBank on the Collection and Use of Consumer Financial Information</i></li> <li>● Continually updated privacy policies to adapt to different application scenarios such as mobile banking, WeChat banking, and online personal banking</li> </ul>
<b>Taking transparent protection measures</b>	<ul style="list-style-type: none"> <li>● When engaging in transactions, The customer must be clearly informed of the privacy policy and the authorization for information processing, and the customer's authorized consent must be obtained.</li> </ul>
<b>Blocking sensitive information</b>	<ul style="list-style-type: none"> <li>● Developed tools to scan and desensitize sensitive data statically or dynamically, including operations such as privacy data masking and replacement</li> <li>● Administered full life cycle closed-loop control over the querying, transferring, editing, downloading, and eventual destruction of sensitive production data.</li> </ul>
<b>Enhancing information protection awareness</b>	<ul style="list-style-type: none"> <li>● Issued an interpretation of the <i>Measures for the Administration of Consumer Rights Protection of Banking and Insurance Institutions</i>, with a particular emphasis on the ban of using implied consent</li> <li>● Organized three bank-wide online training sessions on personal information protection with subsequent tests, to boost employees’ awareness of customer information confidentiality</li> </ul>
<b>Customer Information Security Management</b>	
<b>Normalizing information security management</b>	<ul style="list-style-type: none"> <li>● Revised the <i>Measures of CZBank for the Management of Consumer Financial Information (2023)</i> to emphasize “informed consent” as the fundamental premise for information processing</li> <li>● A comprehensive “2+4N” special inspection strategy was employed, focusing on integrating specific audit points with an overarching review, as well as establishing seamless coordination between different levels of the organization.</li> <li>● Strict tiered and categorized control was enforced over the entire life cycle of consumer personal information.</li> </ul>



	<ul style="list-style-type: none"> <li>● Improved the Digital Smart Consumer Protection System, completing the design and successful implementation of over 120 features.</li> </ul>
<b>Developing data security technology</b>	<ul style="list-style-type: none"> <li>● A data leak prevention (DLP) system was established, covering all bank office terminals and the email network exits.</li> <li>● A meticulous database audit system was deployed across all business transaction systems, primarily monitoring database access activities involving consumer financial information.</li> <li>● An API data security monitoring system was put in place.</li> </ul>
<b>Applying strict classification and authority requirements</b>	<ul style="list-style-type: none"> <li>● Formulated the <i>Measures of CZBank for Data Security Management</i>, the <i>Specifications of CZBank for the Use of Production Bastion Hosts</i>, the <i>Measures of CZBank for the Management of Production Data of the Computer Information System</i>, and other management regulations to clarify the data security management system and data classification management mechanism, while setting standards for employee operational behaviors and authority control.</li> </ul>
<b>Enhancing information security awareness</b>	<ul style="list-style-type: none"> <li>● Conducted bank-wide awareness and skills training sessions focusing on network security, data security, and other relevant areas on a yearly basis.</li> <li>● Conducted organization-wide anti-phishing drills, deploying convincingly forged and highly misleading phishing emails as examples to simulate authentic attack scenarios</li> </ul>

## (II) Intensifying Complaint Management

CZBank further enhanced its customer complaint management mechanism, bolstered the analysis of complaint data, and upheld its major responsibilities while continually reinforcing oversight. In 2023, we launched 22 “Maple Bridge” financial consumer protection service stations, attracting almost 1,000 visitors and successfully resolving close to 500 conflicts and disputes. At the end of 2023, we had addressed a total of 119,169 customer complaints, achieving a customer complaint resolution rate of 100%.

The distribution of complaints (excluding those from the Head Offices<sup>5</sup>) by region:

Region	Number of complaints	Region	Number of complaints	Region	Number of complaints
Beijing Branch	1,599	Tianjin Branch	507	Wenzhou Branch	478
Hangzhou	2,257	Wuhan	636	Taizhou	224

5.The Head Office received 97,882 complaints

Branch		Branch		Branch	
Nanjing Branch	933	Zhengzhou Branch	2,121	Shaoxing Branch	538
Guangzhou Branch	1,707	Hefei Branch	529	Zhoushan Branch	35
Shenzhen Branch	736	Guiyang Branch	107	Jinhua Branch	362
Shanghai branch	592	Changsha Branch	342	Jiaying Branch	420
Suzhou Branch	486	Nanchang Branch	188	Quzhou Branch	199
Ningbo Branch	574	Qingdao Branch	144	Huzhou Branch	314
Chengdu Branch	1,246	Hohhot Branch	54	Lishui Branch	147
Chongqing Branch	1,418	Shenyang Branch	518	Nanning Branch	10
Jinan Branch	596	Fuzhou Branch	25	Taiyuan Branch	10
Xi'an Branch	711	Lanzhou Branch	524	/	/

The distribution of complaints by category:

Category	Number of complaints	Category	Number of complaints
Bank card complaints	56,270	Other intermediary business complaints	1,076
Loan complaints	33,805	Complaints related to RMB savings	584
Debt collection complaints	10,986	Forex-related complaints	406
Self-operated wealth management complaints	1,493	Complaints related to precious metals	92
Bank agency business complaints	948	Complaints related to RMB management	11
Payment settlement complaints	5,324	Other complaints	5,796
Personal financial information complaints	2,378	/	/

### (III) Popularizing Financial Knowledge

In an effort to effectively enhance consumers' financial literacy, CZBank proactively established the "Wealth Management N Course" consumer protection brand. Nearly 200 tailored courses were launched, and over 7,000 awareness and education activities were conducted throughout the year based on brand impacts, reaching almost 39.33 million consumers. This included 57 videos and 128 specialized articles oriented towards specific demographic segments, such as seniors, teenagers, immigrants from rural areas, and those affected by the renewal of urban villages. These measures significantly improved consumers' financial literacy.

#### Case: "Ten Scenes of West Lake" financial literacy video series

CZBank creatively leveraged the imagery of the "Ten Scenes of the West Lake" and the narrative backdrop of "The Legend of the White Snake" to promote financial knowledge regarding illegal fund-raising, deposit insurance, and personal information security. The series comprise ten videos, attracting broad acclaim for its innovative imparting of financial knowledge through interesting stories.



Scan to watch financial literacy videos





Figure: Chengdu Branch took the “Financial Knowledge Class” initiative to Laogu Village, Jizhi Township, Butuo County, where detailed instruction was provided to villagers on telecommunication network fraud prevention.



Figure: Chongqing Branch hosted a themed dissemination event in the rural market of Xiakou Town, Nan’an District. Topics like card security, deposit insurance, and telecommunication fraud prevention were covered, fostering the basic financial knowledge of villagers.



Figure: Qingdao Branch conducted financial education promotions in crowd-rich areas such as the Nanjiang Wharf and Dongchen Market at the Laoshan District fishing port



Figure: Nanjing Branch paid a visit to Gangbu Farm in Donghai County, promoting beneficial financial knowledge and policies to the local community.



Figure: Jiaxing Branch visited a total of 25 schools to disseminate financial knowledge to teachers and students. In collaboration with Jiaxing Radio and Television



Figure: Tianjin Branch partnered with third-party organizations to create an online platform for consumer protection education and promotion. Moreover, it has set up an

(FM104.1), it actively launched weekly online financial classes, fostering digital financial literacy.	offline Financial Consumer Rights Protection Education and Publicity Base where open classes on consumer protection are held monthly.
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**(IV) Ensuring the Safety of Funds**

CZBank has refined its consumer protection evaluation mechanism, amplified the role of fintech solutions, and constructed a robust online financial risk prevention and management system. Moreover, it has enhanced its early warning and monitoring capabilities for information security, effectively safeguarding consumers’ assets.

<b>Preliminary consumer protection review</b>	<ul style="list-style-type: none"> <li>● We upgraded the consumer protection review mechanism, enhancing scrutiny over areas such as product design and development, pricing management, agreement creation, and marketing strategies. This vigilance enabled us to detect and rectify potential risks promptly.</li> </ul>
<b>Strengthening digital process risk control</b>	<ul style="list-style-type: none"> <li>● We integrated 26 new strategic components to embrace more scenarios, and incorporated telecom data to heighten the precision of risk control</li> <li>● An operational anomaly monitoring system was built, realizing 24/7 robotic automated dial testing verification</li> <li>● By the end of 2023, the incident risk control system had automatically identified and successfully intercepted 834 high-risk transactions worth RMB801 million. It also recognized 447 blacklist devices and thwarted multiple mobile banking attacks.</li> </ul>
<b>Safeguarding consumers’ assets”</b>	<ul style="list-style-type: none"> <li>● We intensified the safeguarding of potential victims of telecommunications network fraud, including processing early warning data, and incorporating potential victim protection features into the system. This response resulted in the protection of 266,600 pieces of potential victim information, securing funds worth RMB542 million.</li> <li>● We enhanced scrutiny on the purpose of remittances, payee information, and their relationship with our customers, and provided anti-fraud risk reminders. For customers suspected of falling victim to fraud during transactions, branch outlets would take active measures to discourage them from potential pitfalls in collaboration with the police, building a substantial “safety wall” for financial security.</li> </ul>



## Chapter IV Fostering Growth Alongside Employees

Employees are the invaluable wealth of our organization. We thoughtfully intertwine personal development and familial joy of the employees with the advancement and progress of our Bank. We dedicate ourselves to securing an equitable and impartial working environment and growth platform for all employees. Our aim is to fortify their sense of belonging, satisfaction, and achievement, as we collectively construct a warm and harmonious CZBank family.

Contribution to the UN SDGs:



### I. Caring for Employees

#### (I) Protecting Employees' Rights and Interests

CZBank protects the legitimate rights and interests of employees in strict accordance with relevant laws and regulations such as the *Labor Contract Law of the People's Republic of China*, the *Labor Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of the Rights and Interests of Women*. More details are provided in “Social Performance”.

#### (II) Encouraging Employee Feedback

CZBank deeply values open communication with our employees. By routinely organizing employee symposia and opinion questionnaires, we actively seek their input on various aspects of our business operations, management, welfare, and more. This open dialogue approach allows us to cultivate an environment where our employees can freely express their genuine thoughts and ideas.

#### Case: “Hive Community” encourages employees to speak out

In 2023, we further enhanced the “Hive Community”, an internal platform for fostering communication among employees. We refined functional divisions, constructed a comprehensive work system, bolstered monitoring and supervisory mechanisms, and kindled an atmosphere of “unanimous involvement and combined governance”. Over the course of 2023, “Hive Community” logged a total of 3,184 posts and 23,578 replies, with 43,771 instances of engagement. The platform amassed 4.233 million site views, and the frequency of official responses surged by 93.75% year-on-year. This demonstrates the presence of a vibrant dynamic within the “Hive Community”, with a lively environment fostered by a

constant exchange of ideas and responsive departments.



Figure: “Hive Community” introduced a new feature titled “Voices to the Secretary and President”

## II. Paying Attention to Talent Training and Development

### (I) Employee Motivation and Promotion

CZBank has instituted a comprehensive, systematic, and standardized management system that intertwines salary, benefits, and evaluation. The salary management model balances incentives with appropriate constraints, while our benefits are inclusive and underscore our deep commitment to employees’ wellbeing. The employee evaluation process underlines performance-based outcomes. Each of these elements complements the others, each with its unique significance. We continuously enhance our employee incentive and advancement system, striving to play a pivotal role throughout the entire employee life cycle management process.

Our assessment employs a “1+N” evaluation framework, highlighting a comprehensive 360-degree evaluation that encompasses direct superiors, departmental members, peers, and downstream service entities. Assessment scores are utilized to establish the evaluation rating, and performance distributions are conducted based on the outcome of this appraisal.

### (II) Employee Development and Training

CZBank constantly refines its talent development and training systems. This includes optimizing training content and methodologies, offering precise empowerment training tailored to employees at various levels and positions, and constructing a comprehensive career training system encompassing the full life cycle of an employee’s career. These efforts help facilitate the smooth integration of new employees into the business while assisting current employees in mastering specific professional, managerial, and general skills. Moreover, we continually enhance our training capabilities with state-of-the-art digital tools. To date, we have developed 49 online courses, launched 11 learning programs on the online learning platform, and introduced improvements and developments to over 60 distinct functions.

	<ul style="list-style-type: none"><li>● Training was implemented for exceptional account managers, cultivating a team of top marketing leaders.</li></ul>
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<p><b>Establishing a training system</b></p>	<ul style="list-style-type: none"> <li>● Offline centralized training programs were conducted for outstanding young employees, improving their overall competencies.</li> <li>● For middle-level managers, specialized training was provided to branch managers and key employees in branch-level marketing departments, enhancing their operational performance.</li> <li>● College graduates recruited in 2022 and 2023 were covered by the CZBank Dream Camp online tracking training.</li> <li>● Newly hired experienced workers were covered by the public policy and institutional training at the Head Office.</li> </ul>
<p><b>Building a professional trainer team</b></p>	<ul style="list-style-type: none"> <li>● Two training sessions for internal part-time trainers, and one session for internal part-time business etiquette trainers of 102 people in total were conducted, further expanding and strengthening our internal part-time trainer team.</li> </ul>
<p><b>Creating an online education platform</b></p>	<ul style="list-style-type: none"> <li>● More online courses related to various business sectors such as management, operations, internal control and compliance were added to the “CZBank Intelligent Cloud” training platform, optimizing the user-learning experience.</li> </ul>

**Case: CZBank Dreamer Camp — training for graduate employees**

In 2023, CZBank rolled out the CZBank Dreamer Camp, specifically tailored for new employees recruited from universities. Thirteen internal trainers from diverse departments at the Head Office guided new employees to get acquainted with our corporate culture, business systems, professional standards, and distinctive business features through lectures encompassing five major business areas. The training uniquely featured a symposium for both new and veteran employees, with 48 seasoned employees from various sectors invited to share their work skills and experiences. Over the course of 114 hours of in-person intensive training, a total of 516 newly recruited individuals successfully completed a series of learning tasks in the offline training stage.





**Case: CZBank Top-Performer Camp — comprehensively empowering excellent account customers**

In July 2023, the Head Office initiated comprehensive ability enhancement training specifically tailored for top-performing retail credit account managers, financial managers, small business account managers, and corporate account managers. By means of collaborative development, instruction from external trainers, and case study exchanges, a substantial number of exemplary cases were compiled into a comprehensive volume. This collection serves as a valuable resource for reference and knowledge sharing, and as a catalyst to promote the growth of high-quality business operations.






Figure: Online training selection courses

**III. Providing All-Round Care to Employees**

CZBank persistently strives to enhance and refine its employee benefits program, extending to its employees a diverse range of benefits such as housing provident funds, basic medical coverage, supplementary health insurance, and corporate annuities. This enables us to fortify corporate unity and underscores our commitment to employee welfare and care.

<p><b>Care for Female Employees</b></p>	<ul style="list-style-type: none"> <li>● Conducted the selection of “March 8th Red Flag Bearers (collective category)” in 2023</li> <li>● Organized an active schedule of women’s and parent-child activities</li> </ul>
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	<ul style="list-style-type: none"> <li>● Dedicated lactation facilities were provided for nursing female employees along with establishing “Mummy’s Cabin” nursing rooms</li> </ul> 
<p align="center"><b>Supplementary Benefits</b></p>	<ul style="list-style-type: none"> <li>● A multitude of supplementary benefits were ensured such as corporate annuity, supplementary medical insurance, communication fee subsidies, high-temperature allowance, heating expense subsidies, meal allowances, and labor protection fees.</li> <li>● Employee recuperation activities were regularly organized. Throughout 2023, over 200 recuperation sessions were held by trade unions on all levels across the Bank, with nearly 8,000 employees participating.</li> <li>● Special care and assistance were given during significant festivals like New Year’s Day, Spring Festival, Dragon Boat Festival, and Mid-Autumn Festival, as well as during personal milestones like weddings, funerals, or illnesses. Assistance was provided for 113 employees in need.</li> </ul>
<p align="center"><b>Employee Health</b></p>	<ul style="list-style-type: none"> <li>● AEDs were installed in office buildings, Red Cross emergency rescue instructors conducted first aid training sessions, and a volunteer rescue team was established.</li> </ul>  <ul style="list-style-type: none"> <li>● The annual physical examination packages for employees were optimized while selecting physical examination institutions. Family members of the employees were also offered the same discounts.</li> <li>● Various clubs were established such as yoga, floral art, calligraphy and painting, and badminton clubs. Regular fitness classes such as swimming classes were put in place to enrich the employees’ leisure time.</li> </ul>

	 <ul style="list-style-type: none"> <li>● Diverse functions such as calligraphy exhibitions, speech contests, fitness walks, and youth employee networking events were regularly organized.</li> </ul>
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**Case: CZBank held its first employee sports games**

In November 2023, CZBank hosted its inaugural employee sports games across the entire institution. The event saw active participation from 39 teams representing our Head Office, branches, and subsidiaries. Employee representatives from various entities and their family members watched the games. The event demonstrated everyone’s enthusiasm for sports and the spirit of teamwork.



Figure: Photos from the sports games



Figure: The Trade Union of Jiaxing Branch organized the “Women’s Day” themed event “Flowers in March”



Figure: : Wenzhou Branch initiated an orienteering challenge



Figure: Hangzhou Branch launched a basketball training camp specifically designed for employees' children



Figure: The Head Office hosted a mental health lecture under the theme “Be Happy, No Stress”



## Chapter V Engaging Vigorously in Social Welfare Activities

Gratitude is an attitude, while giving back is a responsibility. At CZBank, we firmly believe in sharing our development successes with society and giving back in meaningful ways. We maintain an enduring commitment to public welfare activities and volunteer services, spanning student aid, disaster relief, cultural development, and support for vulnerable groups. Over time, we've been consistently refining our public welfare management system and promoting engagement in philanthropic efforts among our employees, customers, partners, and other stakeholders, striving to build a harmonious community.

Contribution to the UN SDGs:



### I. Participating in Public Welfare and Charitable Activities

#### (I) Educational Assistance

In September 2019, CZBank launched the “One Bank for One School” Program across the organization, built upon the successful model of our assistance to Jieguanting Town Central Primary School. As of now, we've established a cooperative relationship with 32 rural primary schools (13 of which are located in Zhejiang Province), investing more than RMB34 million in total. The funding has been utilized towards improvements in the schools' infrastructure, students' living environment, teaching standards, and overall quality of education. Through these efforts, we've been able to support over 10,000 students.

#### **Case: CZBank built its first school-based photovoltaic power station**

In a joint initiative, CZBank, Chint Charity Foundation and Chint Anneng pioneered the “Illuminate Your Dreams” project. The inaugural donation was used to establish a photovoltaic power station at Xunzhai Town Central Primary School in Yongjia County, Wenzhou City, which is paired with CZBank under the “One Bank for One School” Program.

A formal grid connection handover ceremony was conducted at the school. With an installed capacity of 40 KW and a designed operational life of 25 years, the photovoltaic power station is projected to generate 1.01 million kWh of power, thereby reducing 825 tons of CO2 emissions. All the energy harvested will be fed into the grid, generating an estimated total revenue of about RMB420,000, which will be used to enhance educational conditions at the school.



Figure: Overview of the school

### Case: “CZBank · Youth Stars” Summer Camp

In August 2023, the “CZBank · Youth Stars” Summer Camp was held in Hangzhou. This event marked the first summer camp organized under CZBank’s “One Bank for One School” Program. Representatives from paired schools across 26 mountainous counties in Zhejiang participated, visiting renowned sites such as Zhejiang University, the Zhejiang Museum of Natural History, and the West Lake Yue Temple near the West Lake.



*“In just a few days, the children expanded their knowledge and formed new friendships. I believe it will be an unforgettable journey for them. These enriching experiences will undoubtedly guide their future lives and studies. “*

*—A teacher representative*



Figure: Students representatives from Jieguanting Town Central Primary School, organized by Xi'an Branch, enjoyed a field trip to an aquarium.



Figure: Jinan Branch teamed up with Red0 and local traffic police officers to provide a traffic safety lesson for students of Bayi Hope Primary School.



Figure: In its public service initiative, Shenzhen Branch invited ophthalmologists to conduct vision health checks for students at Beitang Hongjun Primary School.



Figure: To celebrate Children's Day, Nanchang Branch organized a lively sports event at Dazhangshan Hope Primary School.

## (II) Disaster Relief Aid

In response to the 6.2-magnitude earthquake that struck Jishishan, Gansu Province in December 2023, CZBank swiftly acted by donating RMB1 million to the Gansu Charity Federation. The funds were meant to assist with procurement of essential relief supplies in the devastated area, the accommodation arrangements for those affected, as well as post-disaster reconstruction efforts. Concurrently, Lanzhou Branch activated their Level II earthquake emergency response mechanism. They swiftly organized and executed a disaster survey, diligently facilitated earthquake relief emergency responses, and guaranteed financial service provisions. By thoroughly assessing the damages incurred by our customers in the impacted zones, and promptly liaising with institutions like the Gansu Provincial Department

of Civil Affairs, we managed to promptly establish a “green channel” for relevant earthquake relief financial services. Priority was given to remittance services for disaster relief funds, while businesses impacted by the disaster were granted extended grace periods. These measures ensured the punctual allocation of financial emergency provisions, public donations, and other funds.

### **(III) Protection of Intangible Cultural Heritage**

In August 2023, CZBank, in collaboration with the Zhejiang Provincial Charity Federation, launched Zhejiang’s first Intangible Cultural Heritage Protection Charity Fund. By incorporating inclusive products such as “Data Asset Loan”, we’ve integrated financial instruments into our philanthropic and public welfare activities. We provide a sustainable support mechanism, leveraging a dual-channel approach that combines inclusive finance and charitable donations, targeted specifically towards intangible cultural heritage projects. This initiative not only fosters the preservation of cultural gems, but also promotes the continuity and evolution of China’s outstanding traditional culture.

#### **Case: Safeguarding Heritage - “Data Asset Loan” empowers the “Beauty of Intangible Cultural Heritage”**

Yang Yuxiao, the 22nd generation practitioner of a provincial intangible cultural heritage, Linhai Paper-cutting, was named the “The Most Beautiful Person in Zhejiang · The Most Beautiful Self-employed Worker” in 2023. Through a series of public welfare projects, such as Family-Based Linhai Paper-Cutting Training, farmer literacy training, skills training, and the Intangible Cultural Heritage Mobile Classroom, her studio has benefited over 20,000 individuals.

Yang Yuxiao plans to establish a paper-cutting museum and transform it into a comprehensive rural paper-cutting cultural park that focuses on teaching, displaying, and fostering communication. The project requires significant investment, but raising funds has been particularly challenging due to the intangible nature of the cultural heritage, as such assets cannot serve as tangible collateral. During a visit, Taizhou Branch learned about Yang Yuxiao’s needs. They set up a service team for individual businesses specializing in



intangible cultural heritage, and carried out a survey of local intangible cultural heritage projects. Based on the survey results, Yang Yuxiao successfully applied a Data Asset Loan of RMB625,000 online.



Figure: Yang Yuxiao’s paper-cut works

## II. Persisting in Targeted Assistance

CZBank steadfastly advances targeted aid programs such as the East-West Collaboration Program, and “Thousands of Enterprises Joining Hands With Thousands of Villages for Poverty Eradication” Campaign. Drawing on our strengths in capital, technology, talent, projects, and information, we tailored our support to the specific conditions of the tied villages. Notable successes include the establishment of the photovoltaic industry project in Xijia Village, Longyou County, and a grain industry project in Xiajin Village. Such initiatives have effectively aided our tied villages in expanding their collective economies and improving the livelihoods of low-income farmers.

### **Case: East-West Collaboration Program helps villagers increase their income**

Throughout a new wave of East-West collaboration, CZBank has actively facilitated communication and cooperation between Zhejiang and Sichuan. With an emphasis on high project standards and quality, we have promoted East-West partnership projects in Luogu Village and Shaxi Village in Xuanhan County, Sichuan Province, investing a total of RMB3.7088 million.

The Yinying cattle farm in Shaxi Village, Qingxi Town, is a significant achievement of Chongqing Branch’s new round of East-West cooperation efforts. Following thorough on-site

research and inspection, Chongqing Branch decided to finance a long-term beef cattle breeding project, and intends to cultivate a truly one-stop breeding economy. The first batch of 50 beef cattle reared on the farm contributed to a collective income of RMB30,000 for Shaxi Village, with villagers' income rising by more than RMB600,000. Simultaneously, in Luogu Village, Hujia Town, which is 50 kilometers away from Shaxi Village, Qingxi Town, 15 greenhouses for tomatoes and 7 greenhouses for strawberries have been put into operation. They generate an annual output value of RMB1.192 million, bolstering the village's collective income by RMB102,600.



Figure: Yinying cattle farm (Left), vegetable greenhouse (Right)

# ESG Reporting

## I. Governance Performance

### (I) Corporate Governance

In strict accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Banking and Insurance Institutions*, and other pertinent laws, regulations, and regulatory requirements, CZBank has established a robust corporate governance framework composed of the Shareholders' Meeting, Board of Directors, Board of Supervisors, and senior management. These bodies, in the scope of their clearly defined responsibilities, supervise while collaborating with each other, collectively ensuring efficient and democratic decision-making.

**Board Composition:** In accordance with applicable listing rules, we have implemented the *CZBank Board Diversity Policy*. This approach ensures comprehensive consideration of prospective director's gender, age, cultural and educational background, professional experience, skills, knowledge, and/or years of service. This strategy facilitates a diverse range of perspectives on board decisions and aligns board composition with the Bank's development model.

The Board's composition and number adhere to all legal, regulatory, and listing requirements. Our executive directors, known for their diligence, responsibility, professionalism and efficiency, prioritize board independence. Independent non-executive directors constitute no less than a third of the Board. Their professional qualifications encompass various fields like economics, finance, securities, accounting and law. When selecting independent non-executive directors, both the nominees and candidates issue declarations concerning the proposed director's independence, guaranteeing that there are no circumstances deemed by laws, regulations, various levels of regulatory organizations, and exchanges as incompatible with independence. Simultaneously, for major issues such as reviewing significant related-party transactions and profit distribution plans, the Board consistently requires that independent non-executive directors express their independent opinion on these matters.

Sustainability and ESG elements are integrated into the performance assessment of senior executives. Based on the annual strategic and social responsibility indicators, which account for 10% of the total assessment score, we evaluate the progress and accomplishments made in key areas during the year such as inclusive finance, consumer rights protection, green credit, ESG, and anti-money laundering. This directly affects the performance scores of the executives, and subsequently impacts their annual performance-based compensation.

As of the end of 2023, the Board of Directors consisted of 14 directors, of which 4 were executive directors, 5 were non-executive directors, and 5 were independent non-executive directors, with 2 female members; 12 held graduate degrees or higher, including 5 with Ph.Ds.

**Board Efficiency:** The Board of Directors is accountable to the Shareholder's Meeting and exercises its authority within the scope stipulated by the Bank's charter, ultimately taking responsibility for the Bank's operation and management. The directors are elected or replaced by the Shareholder's Meeting, and can be dismissed before the expiration of their three-year term by the Shareholder's Meeting. As of the end of 2023, all board members were elected by the Shareholder's Meeting following legal procedures.

**Director Performance Evaluation:** We have established systems for director performance assessment, such as the *Measures of CZBank for Director Performance Evaluation and Accountability*. These systems allow for regular assessments of the directors' annual performance, which are then reported to the Shareholder's Meeting. During the reporting period, all directors diligently fulfilled their responsibilities, actively participated in discussions, contributed their professional opinions cautiously, kept abreast of the Bank's operational and managerial developments, and participated in various training programs and specialized seminars. Meanwhile, independent directors are required to issue an annual duty report detailing their performance on matters concerning the Board, such as transactions, use of raised funds, and commitments made by significant shareholders, etc.

**Director Training:** We place a strong emphasis on the continuous training of directors to ensure thorough understanding of the Bank's operations and their responsibilities imposed by relevant laws and regulatory requirements. During the reporting period, we invited certain independent non-executive directors to participate in performance briefings. We also

organized board members to participate in corporate governance training organized by the Hong Kong Chartered Governance Institute, special training on the system of independent directors of listed companies organized by CSRC, and anti-money laundering special training organized by our Bank, among other training sessions.

**ESG Performance of the Board:** Please refer to “Board Statement”.

For more detailed information on our Bank’s corporate governance, please refer to the “Corporate Governance” and other relevant sections of the *2023 CZBank Annual Report*.

Indicator	Unit	2023	2022	2021
Total number of board members	No.	14	13	15
Number of executive directors	No.	4	3	4
Number of independent directors	No.	5	5	4
Number of non-executive directors	No.	5	5	7
Number of female directors	No.	2	2	2
Number of non-executive directors with industry experience	No.	4	4	4
Average tenure of board members	Year	5.93	5.85	4.84
Number of board meetings	No.	11	14	16
Average board meeting attendance	%	94.32	99.45	93.44
Minimum attendance requirements for board meetings	%	50	50	50
Number of ESG-related issues reviewed by the Board	No.	7	6	7
Number of training sessions	No.	3	3	2
Number of shareholders’ meetings <sup>6</sup>	No.	2	5	6

<sup>6</sup>Including the Annual General Meeting, Extraordinary General Meeting, A -Share Shareholders’ Meeting, and H - Share Shareholders’ Meeting

## (II) Risk Management

**Risk Governance Structure:** The Bank employs a thorough risk management approach and has developed an effective risk governance structure distinguished by clear organizational structuring and delineated responsibilities. The Bank's Board of Directors bears the ultimate obligation for comprehensive risk management, while the Board of Supervisors is accountable for overall risk management supervision and senior management is responsible for its implementation. We have established a Risk and Related Transactions Control Committee within the Board of Directors, and the senior management coordinates a Risk Management and Internal Control Committee, Assets and Liabilities Management Committee, Credit Business Review Committee, Asset Risk Classification Review Committee, Business Continuity Management Committee, and other deliberative bodies. The Bank's Chief Risk Officer is Pan Huafeng, the Assistant President, reporting directly to President Zhang Rongsen. Our risk management function is structurally independent of business operations. The Audit Department handles the monitoring and auditing of risk management implementation and regularly reports its actions to the Board of Directors, its Audit Committee and the Board of Supervisors. Chen Zhong, the head of the Audit Department, reports to Chief Supervisor Guo Dingfang.

**Risk Preference & Limit Management:** We adhere to a "prudent and sound" risk preference and have constructed a comprehensive risk preference management system encompassing all major risk types. The *Measures of CZBank for Risk Preference Management* specify a range of mechanisms and processes regarding risk preference management's various aspects, including organizational structure, administration, risk preference setting, monitoring, reporting, evaluation and so on. Risk preferences are assessed and established annually, followed by a risk preference statement and regular monitoring, reporting, and management of risk preference indicators corresponding to the statement. We have established a risk limit management system to cover various significant risks, including credit risk, country risk, banking book interest rate risk, and market risk, among others. We regularly evaluate and update the risk limit management plan, ensuring continual limit indicator monitoring, reporting, and control.

**Risk Culture Development:** CZBank fosters a robust risk culture and presents risk management concepts, values, and professional ethics tailored to the Bank. We maintain mechanisms for training, communication, and supervision to encourage understanding and implementation among employees.

We have devised a performance assessment system that includes risk management indicators, and promptly adjust the assessment scheme based on annual work priorities. The evaluation covers credit asset quality, credit asset structure, basic risk management and risk management line evaluation. The results are utilized in comprehensive performance assessments, differentiated credit authorization, excellent employee selection, and performance assessment at branch level.

CZBank regularly enhances risk management and risk awareness through training and other interventions. We prepared annual risk management training plans covering credit policies, post-loan management, risk system operations, etc., and employed both online and offline channels to promote risk management across various business lines. We motivated employees to actively identify and report potential risks, and have established the *Measures of CZBank for the Management of Internal Control Violations* (2022). This system clarifies any breaches and operational risk issues that employees might encounter in their everyday tasks and enables their registration through relevant systems. These measures aim to optimize and improve risk management systems and processes based on risk management outcomes.

CZBank incorporates risk standards into product development or approval process. We have formulated the *Basic System of CZBank for Comprehensive Risk Management* (2018), clearly articulating risk management policies and procedures corresponding to each business. Moreover, we have set up specific policies and procedures to evaluate the potential risks that may arise from developing new products, making significant changes to existing ones, expanding into new business areas, establishing new institutions, and undertaking major acquisitions and investments. Additionally, internal approval processes and exit plans are in place. In terms of innovation management, we have established the *Measures of CZBank for Innovation Management* (2018) and the *Measures of CZBank for Business Innovation Management*; clearly defined the responsibilities of the Innovation Management Committee regarding reviewing innovation management systems, policies, new products and more; and

applied risk assessments and demonstrations on major decisions regarding new products and businesses.

<b>Indicator</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Number of risk management training sessions	No.	34	28	38
Number of participants in risk management training	No.	About 6,000	About 5,000	About 4,000

### **(III) Internal Control and Compliance**

**Enhancing Internal Control Management:** CZBank emphasizes a “Intelligent Operations” approach, persisting in refining the internal control system while boosting internal control and governance capabilities. We refined our cultural system in line with the principle of “ethical and beneficent” finance, and conducted various activities — such as the Compliance Image Enhancement Year — to improve corporate compliance and internal control. We solidified risk identification and assessment processes, escalated dynamic risk monitoring, and augmented proactive risk prevention and control capabilities. In line with the “Unified Legal Entity and Authorized Operation” System, we further standardized authorization management requirements using principles of “tiered and limited authorization, differentiated authorization, dynamic adjustment, and alignment of rights and duties”. Responding quickly to external and internal changes, we translated external regulatory requirements into internal rules and regulations, and formulated, revised and abolished existing internal rules and regulations in line with our philosophies, strategies, and plans. We made it a point to integrate internal control measures into crucial areas and pivotal phases for improved process-wide control capabilities. As part of our digital advancement efforts, we bolstered our data governance system and enhanced our capabilities in data application and quality control, thus providing impactful support for the Bank’s operational and management decisions. By deepening supervisory and inspection activities and intensifying root cause remediation, we enhanced the quality and effectiveness of compliance rectification. The internal control system functioned seamlessly and effectively throughout the year, providing a strong assurance for the Bank’s high-quality development.

**Refining the Code of Conduct:** We’ve formulated the *Measures of CZBank for Handling Employee Violations*, the *CZBank Prohibition Clauses for Employees*, and *Procedures of*



*CZBank for Deducting Points for Internal Control Violations*. These regulations establish clear standards for managing employees' professional ethics and behavioral norms, apply universally across the Bank, and continue to standardize the management and handling of violations.

**Cultivating a Compliance Culture:** Upholding the principle of “Prioritizing Internal Control and Compliance”, the Bank has shaped compliance concepts and standards befitting high-quality development. To augment the build-out of a compliance culture, we refined assessment and evaluation mechanisms, and fostered proactive compliance amongst employees. Under the “Compliance Awareness and Behavior” Program, we implemented 14 compliance measures in a problem-oriented approach, and carried out various bank-wide activities, such as weekly compliance quizzes, compliance lectures, the signing of Internal Control & Compliance and Violation Prevention Commitment Letter, and cautionary education events. Over 400,000 individuals across the Bank participated, leading to a significant improvement in employees' compliance awareness. We launched the “Compliance in CZBank” program, an effort to explore the establishment of a long-term mechanism for compliant banking. Activities such as the National Safety Education Day and the Civil Code Publicity Month were conducted to deepen and widen the scope of our legal education efforts.

#### **(IV) Internal Audit**

CZBank continued to deepen the audit system reform, and improve the institutional framework system. We revised the *CZBank Internal Audit Charter*, *CZBank Basic Internal Audit System*, and related nine *Internal Audit Standards*, and formulated the *Measures of CZBank for the Management of Delegated Audit Departments*, and the *Measures of CZBank for the Management of Internal Audit Quality Assessment*. In addition, we further standardized the internal audit management model, internal audit mechanism, and internal audit standards. We have established an independent vertical internal audit management system where the Head Office's Audit Department governs its subordinate audit bodies at various levels by examining the following factors: organizational structuring, human resources management, budget and asset supervision, project planning and outcome reporting, along with quality control and information system development.

Our audit mainly covers six targets of supervision, namely, the political determination, work efficiency, capabilities, collaborative performance, and works styles of the leaderships at all levels. Throughout the reported period, we completed a total of 591 audit projects, encompassing core businesses and their risk management, business operations, information technology, and internal control management, among others.

In terms of governance structure, the Board of Directors is tasked with the creation and sustenance of a robust and efficient internal audit system, and carries the ultimate responsibility for the independence and efficacy of internal audit. The Audit Committee under the Board of Directors guides the work of internal audit. The senior management backs the Internal Audit Department's independent operations, ensures ample and timely internal audit resources, and implements effective remedial measures promptly based on internal audit's findings and recommendations.

With respect to quality control, vital audit projects undergo end-to-end quality assessments stretching from pre-audit analysis, audit sampling, audit plan execution, to the verification of audit results. Comprehensive recommendations are delivered promptly for audit projects showcasing deviations, ensuring all these suggestions are discussed within audit teams and department meetings. Individual projects, special issues, and serious cases are critically reviewed by the audit team and relevant departments via collaborative discussions, preserving the principles, seriousness, and objectivity of the auditing process. During the reporting period, we completed audit projects as required by regulators, and enhanced coordination with regulators to generate a potent supervision synergy. Moreover, we remained vigilant to deficiencies and defects in risk management and control throughout the entire process, issuing various audit risk alerts as necessary.

<b>Indicator</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Number of internal audit projects	No.	591	539	-
Number of information technology projects and related audit projects	No.	17	23	-

## **(V) Tax Policy**

CZBank strictly adheres to the principle of “paying taxes in compliance with the law”, thoroughly complying with the tax laws and regulations set by the countries or regions in which it operates. We have introduced a range of tax management procedures and protocols, designed to outline explicit tax-related responsibilities, operational processes, risk management, and control mechanisms while thoroughly managing various tax procedures. This framework enhances employees’ understanding and mastery of tax policies, fostering a strong culture of paying taxes in accordance with legislative requirements. Amid these efforts, CZBank is championing the digital transformation of tax work, continuously augmenting the automation and smart capabilities within its tax management system, digital and electronic invoicing, and other associated systems.

## **(VI) Business Ethics and Anti-Corruption**

CZBank has enacted a range of rules and regulations to enhance business ethics and anti-corruption. These include the *Decision of the CZBank CPC Committee on Deepening Party and Bank Governance from Five Aspects*, the *Measures of CZBank for the Cultivation and Evaluation of Benchmark Outlets in Five Anti-Corruption Areas (Pilot)*, the *Priorities of CZBank on Clean Party and Anti-Corruption in 2023*, the *Opinions of the CZBank CPC Committee on Launching the “Clean CZBank” Campaign to Promoting Anti-Corruption Among Young Employees*, the *Decision of the CZBank CPC Committee on Further Sticking to the Four Bottom Lines of Discipline*, the *Opinions of the CZBank CPC Committee on Implementing Enhanced Collaborative Party Governance by Party Committee, Discipline Inspection Commission, Party Committee Secretary, Party Committee Members*, the *Notice of the CZBank CPC Committee on Issuing the “Three Lists” to Promote Clean and Close Bank-Enterprise Relations*, and the *Notice on Issuing the Inspection Work Plan of the CZBank CPC Commit (2023-2027)*.

In promoting a culture of integrity, we have conducted rigorous campaigns such as the “Clean & Integrity” Financial Culture Promotion Month, and the “Case-Based Improvement” Warning Education Month. In general, we’ve organized over 400 activities of diverse types at various levels, conducted more than 200 anti-corruption training sessions, revised integrity education courses, and trained 3,766 individuals online. Moreover, Party organizations at

various levels have taught over 700 Party integrity courses for younger employees and hosted “heart-to-heart” talks with more than 7,000 young employees. Integrity reminder messages were sent weekly to bank-wide employees, resulting in 48 messages reaching 958,300 individuals over the year, reinforcing routine and long-term integrity education.

In terms of oversight and reporting, CZBank has motivated every employee to sign an Integrity Commitment Letter, with a focus on supervising and auditing the implementation of the 51 provisions specified in the Seven Strict Prohibitions by management personnel. We published version 2.0 of the *Inspection Work Manual* to aid regular inspections. Across the year, five branches and one subsidiary underwent inspections, and two branches experienced reviews, with a regular inspection coverage rate of 66.7%. We also upgraded the digital application management platform to implement political supervision more accurately, and sent integrity and self-disciplinary supervision letters to stakeholders such as suppliers and partners. Moreover, the central government’s Discipline Inspection and Supervision Team and the Head Office’s Discipline Inspection Commission, along with discipline inspection and supervision offices at each branch, periodically disclosed contact information such as addresses, phone numbers, and email addresses to receive reports, and proceeded to screen, accept, and handle reports according to procedures. To enhance oversight, we encourage employees to report any breaches of laws, regulations, and the Bank’s internal rules with their real-names. The information on whistleblowers, including their names, workplaces, addresses, as well as the contents of their reports, remain strictly confidential, and it’s strictly prohibited to transfer the report materials and whistleblower information to persons or organizations being reported.

<b>Indicator</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Number of closed corruption cases filed against the company or its employees	No.	0	0	-
Number of anti-corruption and integrity training sessions	No.	217	208	178
Anti-corruption and integrity training coverage	No.	46,856	46,659	41,300
Number of pre-appointment integrity interviews with management personnel	No.	790	804	639

## **(VII) Anti-Unfair Competition**

CZBank is dedicated to establishing a fair and equitable business environment, strictly adhering to business ethics and behavioral standards. This commitment has been integrated into the operation and growth of each business line to advance employees' awareness and capabilities to mitigate unfair competition, antitrust, and other illicit practices. During the reporting period, CZBank did not attract any penalties related to anti-unfair competition behavior.

## **(IIIIV) Sustainable Finance**

CZBank ardently advocates for the seamless inclusion of ESG and sustainable finance concepts into risk management, products, and services. During the reporting period, we enacted the *Measures of CZBank for Environmental, Social, and Governance Risk Management* to explicitly ESG risk management into the broader risk management system. The evaluation criteria encompass various factors, including biodiversity protection, labor rights protection, as well as social impacts and contributions. These factors are wholly integrated into all facets of due diligence, evaluation and approval, contract conclusion, loan management, and post-investment/loan management operations.

Simultaneously, CZBank has laid down relevant reporting, supervisory, and management mechanisms for ESG performance, accepting supervision from the market and stakeholders. There are also established mechanisms to respond to complaints concerning specific projects with significant ESG risk impacts. CZBank ensures timely disclosure of follow-up measures to resolve complaints and report information to the market and stakeholders. Complaints may be raised through diverse channels, including but not limited to complaint hotline, email address, official website, and postal addresses. All complaints have been taken and handled promptly following the *Customer Complaint Management Measures* and other regulated procedures.

For matters pertaining to green finance policy, systems, procedures, and measures, please refer to “Developing Green Finance”.

## II. Social Performance

### (I) Recruiting and Hiring

In strict accordance with the *Labor Contract Law of the People's Republic of China*, the *Labor Law of the People's Republic of China*, the *Regulations on Paid Annual Leave of Employees*, the *Implementation Measures for Paid Annual Leave of Enterprise Employees*, the *Law of the People's Republic of China on the Protection of Rights and Interests of Women*, among others, CZBank has developed a range of company-specific policies such as the *Interim Measures of CZBank for the Management of Labor Contracts*, the *Measures of CZBank for Recruitment Management*, the *Measures of CZBank for the Management of Management Personnel*, the *Measures of CZBank for the Management of Marketing Personnel*, and the *Measures of CZBank for Attendance and Vacation Management*, among others. These policies clearly outline aspects like employment, remuneration, benefits, leave policies, recruitment, and promotion, thereby continuously enhancing the management of labor relations.

Moreover, CZBank explicitly mandates that all recruitment practices should follow the principles of openness, fairness, impartiality, and competitive selection to maintain the standardization of recruitment procedures. We encourage college students to engage in employment opportunities and also offer opportunities to unemployed fresh graduates.

Indicator	Unit	2023	2022	2021
Total number of employees	No.	19,293	17,406	15,302
Number of regular employees	No.	18,774	16,968	14,961
Number of non-regular employees (contractors)	No.	519	438	341
Labor contract signing rate	%	100	100	100
Percentage of vacant positions filled by internal hiring	%	0.84	0.73	1.08
Number of new employees	No.	2,896	3,153	1,923
Number of new female employees	No.	1,323	1,544	885

Number of new male employees	No.	1,573	1,609	1,038
Number of new employees under 30 years old	No.	1,205	1,254	901
Number of new employees aged 31-50	No.	1,679	1,889	1,015
Number of new employees over 50 years old	No.	12	10	7
Number of new domestic employees	No.	2,878	3,130	1,901
Number of new overseas employees	No.	18	23	22
Number of new grassroots employees	No.	2,875	3,131	1,918
Number of new middle and senior management employees	No.	21	22	5
Turnover rate	%	4.97	5.68	7.65
Male employee turnover rate	%	5.60	6.53	8.17
Female employee turnover rate	%	4.29	4.76	7.07
Turnover rate of employees under 30 years old	%	5.62	6.52	10.83
Turnover rate of employees aged 31-50	%	4.42	5.27	6.76
Turnover rate of employees over 50 years old <sup>7</sup>	%	10.23	8.14	4.97
Turnover rate of domestic employees	%	4.96	5.63	7.58
Turnover rate of overseas employees	%	7.29	17.02	20.00
Turnover rate of grassroots employees	%	5.01	5.77	7.78
Turnover rate of middle and senior management employees	%	0.91	0.90	0.34

## (II) Diversity and Equal Opportunities

CZBank strictly adheres to the principle of diversity in terms of attracting and developing talents. We ensure that job seekers and employees alike are treated equitably, irrespective of their gender, race, religion, nationality, ethnicity, or marital status. Furthermore, we commit to providing a fair, impartial, and transparent promotion system. Our various internal training

<sup>7</sup>There will be more statutory retirees in 2023 than in previous years

programs, including open internal competitive promotion and two-way communication between the Head Office and branches, serve as catalysts for our employees' career progression. During the reporting period, female employees composed 48.33% of our workforce, with 14.42% of these serving in middle and senior management roles.

CZBank endorses a healthy workplace environment and resolutely opposes any forms of sexual harassment, discrimination, or other inappropriate behavior. Actions that defy the will of others — whether accomplished through language, text, images, or physical behaviors — are strictly forbidden. If employees find themselves subjected to such behavior, they can report to their workplaces immediately. Once any such incident reported to the disciplinary inspection and supervisory department is verified, the Bank will take it very seriously and appropriately address it according to relevant regulations. In severe cases, termination of the labor contract may ensue.

<b>Indicator</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Number of male employees	No.	9,968	8,986	8,005
Number of female employees	No.	9,325	8,420	7,297
Number of employees under 30 years old	No.	3,949	3,758	3,516
Number of employees aged 31-50	No.	14,387	12,813	11,098
Number of employees over 50 years old	No.	957	835	688
Number of domestic employees	No.	19,204	17,328	15,230
Number of overseas employees	No.	89	78	72
Number of Han employees	No.	18,804	17,008	14,968
Number of ethnic minority employees	No.	489	398	334
Number of grassroots employees	No.	18,967	17,077	15,008
Number of middle and senior management employees	No.	326	329	294



### (III) Labor Code

CZBank persistently adheres to principle of equal employment in compliance with the law, safeguarding the legitimate rights and interests of employees. In accordance with of the *Labor Contract Law*, *Labor Law*, and other relevant statutes, we have established various internal management systems, such as the *Interim Measures of CZBank for the Management of Labor Contracts*, and the *Implementation Rules for the Management of Entry and Departure of Employees at CZBank Head Office*. These measures have standardized labor relations management and fostered a labor contract signing rate of 100%. In addition, we rigorously administered the employee recruitment process, stringently forbade the employment of child labor and staunchly resisted all forms of forced or compulsory labor.

CZBank highly respects and protects employee rights and interests. To streamline employee communication channels and foster corporate democratic governance, we convened employee congresses and forums, established the “Employee Voice” Mailbox, and created the Hive Community.

The Bank’s compensation and benefits policies adhere to a management mechanism centered on position-based grading and grade-based salary determination. We don’t administer differentiated salary arrangements based on employees’ gender, age, ethnicity, race, or nationality. Our salary structure reflects both internal equity and external competitiveness, with wage levels aligned with performance appraisals. We offer our employees a diversified benefits system, including basic benefits like the Five Social Insurances and Housing Fund, corporate annuity, supplementary medical insurance, meal subsidies, and more, continually enhancing employee welfare protection.

<b>Indicator</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Social insurance coverage rate	%	100	100	100
Trade union coverage rate <sup>8</sup>	%	97.30	97.30	96.67
Proportion of employees covered by trade unions	%	99.53	99.55	-

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8. Union establishment rate = number of branches with unions/number of all branches

Employee absenteeism rate <sup>9</sup>	%	0.46	0.46	0.45
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9. Employee absenteeism rate = number of days of absence throughout the year (sick leave, personal leave, excluding planned holidays) / number of days of attendance throughout the year (i.e. average number of employees across the bank \* number of working days throughout the year)

#### **(IV) Health and Safety**

CZBank steadfastly adheres to China’s legal provisions on working hours and vacation time. Policies such as the *Measures of CZBank for Attendance and Vacation Management (2023)* have been implemented to clarify the leave benefits available to our employees. This includes annual leave, wedding leave, bereavement leave, maternity leave, nursing break, childcare leave, and parental leave, among others. These measures aim to safeguard our employees’ rights and interests concerning rest and vacation time.

In compliance with pertinent international standards and regulations relating to occupational health and safety, CZBank is committed to providing employees with a safe and comfortable work environment, shielding them from occupational hazards. A Production Safety Committee has been established as the primary vehicle to ensure safety within the Bank. This committee is responsible for developing and approving safety management systems and regulations, and major emergency plans, as well as improving the safety production responsibility system.

Promoting a balance between work and personal life for our employees is a key tenet of the Bank. Periodically, we organized health knowledge seminars, expert diagnosis and treatment sessions, emergency rescue drills, and an assortment of cultural and sports activities. Also, we offered paid medical services and recuperative breaks to encourage an active and wholesome lifestyle among our workforces. Specifically attentive to our female employees, we devised ways to support their needs by providing home office arrangements, maternal and child rooms, and breastfeeding leaves, among other services.

<b>Indicator</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Number of working days lost due to work injury	No.	530	1,178	327
Number of work-related fatalities	No.	1	0	0

#### **(V) Development and Training**

CZBank respects and fosters the career development and accomplishments of each employee by establishing a fair, just, and open employee development and promotion structure. Two distinctive ranking systems have been designed for marketing and management personnel,

enabling employees to choose the right career paths based on their unique strengths. These pathways subsequently lead to potential promotions, determined by performance evaluations.

With an emphasis on business development and employee progression, the Bank has developed a comprehensive internal training system. This includes Party and League training, strategic task training, key talent training, job skills training, daily business training, and holistic quality training. The intent is to offer employees at varying levels and positions a robust platform for growth and learning. Furthermore, employees are encouraged to participate in systematic studies encompassing professional knowledge, skills, and academic education. Subsidies are provided for examination fees for employees earning 104 different qualifications, including banking professional qualifications, the Certified Public Accountant (CPA), and Chartered Financial Analyst (CFA).

During the reporting period, we formulated the *2023 Head Office Training Plan*, and recorded individualized training plans for each branch, creating a training framework covering the whole year. In addition, we issued the *Notice on Further Standardizing Training Management* to enforce rigorous training discipline and strict training management and enhance the construction of a training culture. In the span of the year, 1,625 training initiatives were implemented, with 720,000 employees taking part in various training schemes.

<b>Indicator</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Employee training expenditure	RMB	42,388,000	26,640,300	25,886,200
Per capita employee training expenditure	RMB	2,050.11	1,530.52	1,691.69
Number of employee training projects	No.	1,625	1,529	1,895
Number of employees trained	No.	724,334	643,273	593,029
Proportion of employees trained	%	100	100	100
Average training hours	Hour	58.56	54.89	62.61
Average training hours for male employees	Hour	49.27	51.87	-
Average training hours for female employees	Hour	59.93	57.06	-

Average training time for ordinary employees	Hour	54.61	54.52	-
Average training hours for middle and senior management employees	Hour	27.28	39.37	-
Average online training hours	Hour	34.50	29.92	-
Average offline training hours	Hour	24.06	24.97	-

### **(VI) Human Capital Development and Analysis**

CZBank constantly refines its employee promotion system. We have established separate ranking systems for marketing and management personnel where promotions are provided based on performance evaluation results. To help employees improve performance, we have created professional and technical ladder systems and smooth transition channels, widening their career development paths. To optimize workforce structure, we maintain a rational employee base, while dynamically adjusting HR allocation based on individual performance and the business performance of each department, making sure differentiated, scientific, and precise staffing. The Head Office’s HR Department analyzes the HR management of each department monthly. It has incorporated key metrics, such as turnover rates and employee efficiency, into the annual HR management performance evaluation system of each department, encouraging them to bolster HR planning and fully stimulate the potential of employees.

### **(VII) Supply Chain Management**

**Improving policies and systems:** In 2023, the Bank revised the *Measures of CZBank for Centralized Procurement Management (2023)*, the *Standards and Catalog of Centralized Procurement of CZBank (2023)*, and the *Measures of CZBank for the Management of Centralized Procurement Review Experts (2023)*, and newly formulated the *Procedures of CZBank for Centralized Procurement (Trial)*, the *Measures of CZBank for the Management of Centralized Procurement Agencies (Trial)*, and the *Disciplinary Requirements for Procurement of CZBank*. Adhering to the principles of “transparency, fairness, impartiality, integrity, and efficiency”, we ensure public access to pertinent procurement information and pledge to engage with all our suppliers in an open and equitable manner.

**Environmental and Social Risk Management Across the Supply Chain:** We undertake comprehensive evaluations of potential risks associated with our suppliers, mandating the submission of a Declaration of Supplier Integrity and Contractual Compliance. Should there be any violation of this agreement, the offending party will be precluded from participating in all tender procurements managed by our Bank for a duration of three years. We earnestly promote “green procurement”. Taking into account-controlled product risk and priority of usability, we lean towards acquiring energy-efficient and eco-friendly products. We’ve incorporated environmental and social responsibility benchmarks in procurement documents, favoring suppliers with an emphasis on environmental sustainability and responsible growth, given parity in quality and service. Furthermore, we champion the tenets of energy conservation, ecological responsibility, sustainable practices, and social accountability among our suppliers. Through persistent and effective post-collaboration management, we annually assess supplier performance, and we reserve the right to discontinue relationships with suppliers exhibiting a track record of unfavorable conduct or unsatisfactory evaluations.

<b>Indicator<sup>10</sup></b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Number of centralized procurement projects implemented in the year	No.	201	150	207
Budget amounts involved in centralized procurement	RMB	1,391,685,600	879,930,000	1,130,965,800
Centralized procurement project performance rate	%	100	100	100
Supplier review coverage	%	100	100	-
Number of potential suppliers	No.	3,593	2,854	2,394
Suppliers in the Yangtze River Delta	No.	2,032	1,660	1,392
Suppliers in Pearl River Delta	No.	429	310	275
Suppliers in the Bohai Rim region	No.	736	587	501
Suppliers in the central region	No.	171	125	95
Suppliers in the western region	No.	185	145	109

10. The statistical data only covers the Head Office

Suppliers in the northeast region	No.	40	27	22
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**(VIII) Product Liability and Consumer Protection**

CZBank adheres to the mandate of “people-oriented finance and customer protection”, and strives to enhance consumer protection from the political perspective. In accordance with the *Law of the People’s Republic of China on the Protection of Consumer Rights and Interests*, the *Measures for the Administration of Consumer Rights Protection of Banking and Insurance Institutions*, and other relevant laws, regulations and regulatory requirements, we’ve formulated a series of policies and systems to protect consumer rights, including the *Measures of CZBank for the Evaluation and Review of Consumer Protection (2023)*, the *Measures of CZBank for the Management of Consumer Financial Information (2023)*, among others. The Consumer Protection Committee routinely convenes meetings to perpetually optimize comprehensive service management, which includes service consultations, product sales, complaint handling, and consumer rights protection review.

In matters of governance structure, the Bank’s Board of Directors oversees the overall planning, strategizing, and goal setting for consumer protection initiatives and regularly reviews executive-level reports on developments in consumer protection. We have established the Consumer Protection Committee and formulated *the Procedural Rules for the Consumer Protection Committee of the Board of Directors of CZBank*. This elucidates that the Consumer Protection Committee is a specialized task force constituted by the Board of Directors in line with the Bank’s Articles of Association. During the reporting period, the Board of Directors and the Consumer Protection Committee reviewed the Bank’s yearly and bi-annual summaries of consumer protection work, regulatory evaluation results, and remediation reports, among other significant documents. They deliberated on relevant matters, studied significant consumer protection issues and crucial policies, and urged the Bank to continuously improve its capabilities in consumer rights protection.

Concerning customer complaints, the Bank has structured a complaint handling system that outlines requirements on complaint receipt and processing procedures, internal cooperation and information sharing, statistical analysis, file management, information disclosure, accountability, retrospection, and rectification. We broadened complaint channels, employing a variety of methods to effectively manage all types of complaints, including the “one-click

call transfer” feature of the 12378 supervision hotline. In addition, we further refined the customer complaint management system and methodically advanced the development of a digital smart consumer protection system to achieve digital enhancements in complaint management.

In product and service review, CZBank has woven consumer protection into institutional risk management and internal control systems. We have set up a pre-review process to safeguard consumer rights and interests, improved the cross-departmental collaborative consumer protection review mechanism, and enhanced the tracking, implementation and supervision of consumer protection review opinions. Review items encompass product and service development and design, business rules, pricing management, agreement creation, marketing promotion, and consumer risk positioning. The review scope includes the development and design requirement letter, contract texts, systems, notices, marketing materials, advertisements, text messages, client interfaces, etc. Effectively, consumer finance rights, such as property security right, the right to be informed, the right of independent choice, the right to fair trade, the right to legally demand compensation, the right to respect, and other legitimate rights and interests, are protected.

Our information disclosure spans the complete cycle of product and service pre-sales, sales, and after-sales. The disclosure encompasses product and service nature, fees charged, and main contractual terms, helping consumers to fully comprehend the features and risks of products and services before acceptance. For pivotal information that influences consumer decision-making, we adhere to principles of clarity and accessibility, providing explanations in a standardized and easily comprehensible manner. This information is disseminated through a variety of channels including our official website, mobile banking app, lobby displays, and counter marketing.

In regard to marketing and promotion management, routine monitoring and inspections are conducted, and issues identified are rectified promptly. Throughout the reporting period, the Bank’s marketing and promotional texts were devoid of any false records, unlawful income or loss promises, overstated performance, or misleading statements prone to cause customers to disregard risks.



Regarding internal training, the Bank continuously organizes employee education and training on financial consumer protection. During the reporting period, over 570 pertinent training sessions were conducted for 100,000 participants, encompassing new employee training, tiered consumer protection training, all-staff online training, consumer financial information protection training, CBIRC Order No. 9 training, consumer protection review training, financial literacy promotion training, complaint management training, among others. These training sessions covered middle and senior management personnel, frontline salespeople, and new employees. Additionally, we appropriately increased the frequency of training for business areas that are prone to higher rates of complaints and risks.

Indicator	Unit	2023	2022	2021
Number of new (or substantially changed) products and services reviewed <sup>11</sup>	No.	649	296	172
Number of customer complaints (including those transferred by regulators)	No.	119,169	105,340	17,662
Customer satisfaction rate of the 95527 hotline service	%	99.84	99.85	99.86
Proportion of customers covered by satisfaction surveys <sup>12</sup>	%	53.63	50.85	56.00
Number of financial literacy initiatives	No.	7,000	12,000	4,602

### (IX) Privacy Protection and Information Security

CZBank strictly abides by *the Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, the *Personal Financial Information Protection Technical Specification* and other laws and regulations in terms of the management and technical requirements on customer information and privacy protection. Internally, we've formulated the *Measures of CZBank for Network Security Management*, the *Measures of CZBank for Data Security Management*, the *Measures of CZBank for the Management of Consumer Financial Information*, the *Measures of CZBank for Confidentiality Management*, the *Implementation Rules of CZBank on Information Security Management during External Data Cooperation*, the *Measures of CZBank for the*

11. The statistical data only covers the Head Office

12. The percentage of satisfactory customers out of all the customers received through 95527

*Management of Information System Production Data Request, the Measures of CZBank for the Management of Production Data of Computer Information System, the Implementation Rules of CZBank on Data Governance Assessment and Evaluation, the Implementation Rules of CZBank on Data Governance On-site Inspection, the Implementation Rules of CZBank on Big Data Application Model Management, the Implementation Rules of CZBank on Data Governance Self-Assessment, the Implementation Rules of CZBank on Computer System Confidential Resource Management, the CZBank Personal Financial Information Protection and Development Specifications, the CZBank Personal Information Protection and Security Development and Design Specifications, the CZBank Data Security Incident Contingency Plan, and many other management measures and implementation rules involving customer information and privacy. These measures and rules encompass security safeguards and management standards for all stages of customer data and privacy lifecycle, including collection, utilization, storage, and transmission. They collectively form a robust customer information security management framework which can effectively prevent and control illegal use, leakage, or sales of customer information and privacy.*

Specifically, we use encrypted keyboards, security controls, and APP reinforcements to ensure the security and privacy of customer information during collection. For the transmission of this information, we employ HTTPS to ensure encrypted transmission, and SFTP for entrusted data transmission over dedicated lines. For customer information storage, we deploy security technologies like firewalls, intrusion detection, and terminal access to encrypt and store critical data such as customer identification and facial recognition information, with regular checks of data recovery. When utilizing customer information, we apply strict data access controls and desensitize sensitive customer information. The operation and maintenance of customer data are only accessible through a bastion host.

In terms of governance structure, a distinct hierarchy of responsibilities to manage network security has been established. The Banks network security system functions under the oversight of Party organizations at all levels, with the primary leaders of each outlet and department serving as the principal accountable individuals, supported by designated network security managers who bear direct responsibility. We've constituted a Network Security Steering Group, with Chairman Lu Jianqiang as the Leader, President Zhang Rongsen as the Executive Deputy Leader, and Wang Chaoming, the to-be-appointed Assistant to the

President and Chief Information Officer, as the Deputy Leader. This group is responsible for scrutinizing and crafting network security, data security and information systems, ensuring human resource, financial and logistical support, and coordinating decision-making on critical network security issues. The supervising department for this initiative is the Technology Management Department, with its General Manager, Dong Jiayi, directly reporting to Wang Chaoming.

Regarding suspicious incident reporting, we've established an early warning system for risks related to information technology emergencies, including information security and network security. We've clarified the processes and requirements for incident grading, classification, reporting and response, and require employees to report any suspected production operation disruptions, service quality downturns, or network security incidents as per established procedures. For an emergency of level four or above, the corresponding outlet will activate relevant emergency plans based on the incident, ensuring an effective response.

We've also instituted policies for performance evaluation and employee training. The *Measures of CZBank for the Management of Deduction of Points for Internal Control Violations* have been put in place to penalize internal control violations involving network and data security breaches, such as leaking confidential information or unauthorized access to sensitive customer information. These deductions are then factored into the employees' annual performance ratings. We continually conduct information security education and training. Training programs launched during the reporting period include the Asian Games Network Security Online Training, On-Site and Outsourcing Network Security Special Training, Network Security Special Training, Financial Industry Data Security Training, among others. These training initiatives cover aspects such as the state of data security in the financial industry, national industry policies and regulations, common network security risks and prevention strategies.

In regards to IT infrastructure, we've formulated the *CZBank Information Technology Emergency Response Plan*, and the *CZBank Cybersecurity Incident Emergency Response Plan*. These outline the process and reporting paths for network security incidents, providing coverage for network attacks, virus infections, phishing emails, and data leaks, among 12 other technical disposal scenarios. We conduct regular network security emergency drills.

Our IT infrastructure has passed multiple international standard management system certifications, such as ISO27001, ISO27701, ISO20000, ISO22301 and CMMI3. Additionally, we frequently hire third-party organizations including external auditors to conduct audits or tests and evaluations of the Bank’s IT infrastructure and information security management.

<b>Indicator</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Number of information security incidents	No.	0	0	0
Total number of information security breaches involving personally identifiable customer information	No.	0	0	0
Total number of customers and employees affected by company data breach	No.	0	0	0
Amounts of fines paid due to information security breaches or other cybersecurity incidents	RMB	0	0	0
Number of substantiated customer privacy breach complaints	No.	0	0	0
The proportion of IT infrastructure that has passed ISO27001 and other management system certifications	%	100	100	100

**(X) Intellectual Property Protection**

CZBank faithfully adheres to the *Trademark Law of the People’s Republic of China* along with other laws and regulations pertaining to intellectual property. Focusing on the creation, utilization, protection, and administration of intellectual property, we’ve developed an internal management structure, composed of the *Measures of CZBank for Trademark Management* and other rules and regulations. In the realm of intellectual property management, we align our efforts with the requirements of brand building and business product promotion. This involves timely applications for trademarks and other intellectual property rights to legally safeguard the Bank’s various innovative accomplishments. Equally significant, we demonstrate utmost respect for the intellectual property rights of others, mandating that employees only use genuine software and authorized images. Copyright management is also standardized, with a concentrated effort to mitigate the risk of intellectual

property infringement. During the reporting period, we were pleased to report no major incidents related to intellectual property infringement.

<b>Indicator</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Cumulative number of invention patent applications submitted	No.	116	111	-
Cumulative number of patent grants obtained	No.	46	35	-
Cumulative number of software copyrights obtained	No.	40	31	-
Cumulative number of successfully registered trademarks	No.	509	484	-
Number of registered domestic trademarks	No.	429	402	-
Number of registered overseas trademarks <sup>13</sup>	No.	80	82	-

#### **(XI) Anti-Money Laundering and Counter-Terrorist Financing**

CZBank is fully committed to adhering to all applicable laws, regulations, and regulatory requirements, including the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-Terrorism Law of the People's Republic of China*, the *Measures for the Supervision and Administration of Combating Money Laundering and Financing of Terrorism by Financial Institutions*, among others. In addition to the *Measures of CZBank for the Management of Anti-Money Laundering and Anti-Terrorist Financing (2020)*, we've developed a wide range of management measures and processes for legal obligations such as customer identification, storage of customer identity information and transaction records, reporting of substantial and suspicious transactions, list monitoring, and freezing of assets related to terrorism, as well as for aspects such as anti-money laundering risk assessment, system application, anti-money laundering security and confidentiality, internal supervision and assessment, and emergency response. These initiatives delineate the distribution of anti-money laundering responsibilities among various entities, standardize corresponding performance requirements and processes, and establish a comprehensive operating mechanism for anti-money laundering measures.

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13. Overseas trademark registration places involve ten countries or regions including Hong Kong, Taiwan, Macau, the United States, the United Kingdom, France, Germany, Switzerland, Singapore, and Japan

In the reporting period, we revised and enhanced customer money laundering risk assessment and management approaches, and constantly refined internal control mechanisms for the management of such risk. Furthermore, we launched a cutting-edge anti-money laundering system and an advanced due diligence platform for high-risk customers that expands our digital countermeasures against money laundering. We evaluated and optimized our anti-money laundering monitoring model to amplify monitoring and early warning capabilities. We have also committed to rigorous anti-money laundering data management, solidifying our foundation for stringent anti-money laundering management.

On the training front, we've implemented a tiered and differentiated anti-money laundering training system. We launched a thematic training program titled "Current Anti-Money Laundering Regulatory Trends and Effective Banking Compliance Suggestions", covering all directors, supervisors, high-level executives, key department heads at the Head Office, and branch and subsidiary leaderships and anti-money laundering personnel. Moreover, we innovatively rolled out the "One Class Every Two Weeks" anti-money laundering training series, improving employees' anti-money laundering awareness across the Bank.

<b>Indicator</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Number of anti-money laundering training sessions	No.	1,032	645	356
Number of employees covered by anti-money laundering training	No.	73,772	57,844	41,217

## **(XII) Community Investment**

CZBank is committed to sharing the fruits of development with the larger community. We persistently engage in philanthropic initiatives such as championing educational causes, providing aid during disasters, and supporting underprivileged groups. Additionally, we actively encourage our employees, customers, partners, and other key stakeholders to join us in these endeavors, fostering a cooperative approach to building a harmonious community.

<b>Indicator</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Donations	RMB	22,705,100	25,480,800	17,386,900

Educational and cultural donations	RMB	11,083,600	17,785,300	-
Health donations	RMB	1,353,500	1,405,900	-
Others (such as helping disadvantaged groups)	RMB	10,268,000	6,289,600	-
Ratio of donations to total profits	%	0.13	0.16	0.12
Employee volunteering hours	Hour	4,763	4,633	4,570

### III. Environmental Performance

#### (I) Addressing Climate Change

CZBank is intent on assessing climate risks and opportunities and their impact on financial information. Adhering to the framework established by the Task Force on Climate-related Financial Disclosures (TCFD), we disclosed information related to climate-related decision-making and risks, taking substantive action to mitigate the potential impacts of climate change. We further optimized our credit asset structure, giving priority to credit policies in key green industries. These include ardently supporting the construction of key renewable energy bases, high-quality enterprises within industrial chains, and other green projects.

For in-depth coverage of the Bank’s green finance policies, systems, procedures, measures, and our responses to climate change, please refer to “Developing Green Finance”.

Indicator	Unit	2023	2022	2021
<b>Green Finance</b>				
Green loan balance	RMB billion	203.436	145.923	104.244
Balance of energy conservation and environmental protection loans	RMB billion	29.612	21.174	12.316
Balance of cleaner production loans	RMB billion	11.456	5.185	3.157
Balance of clean energy loans	RMB billion	17.120	12.501	7.905
Balance of environment protection loans	RMB billion	12.504	6.014	4.443

Balance of infrastructure green upgrade loans	RMB billion	131.585	98.577	75.817
Balance of green service loans	RMB billion	1.159	2.472	0.606
Green loans increased compared with the previous year	RMB billion	57.513	41.679	25.718
The balance of loans to high pollution, high energy consumption and overcapacity industries	RMB billion	62.897	53.048	46.467
The proportion of the balance of loans to high pollution, high energy consumption and overcapacity industries to all loan balances	%	3.73	3.48	3.45
Environmental financing balance	RMB billion	225.631	167.452	127.607
Size of green bonds	RMB billion	-	10	-
Number of green projects supported <sup>14</sup>	No.	15,478	14,176	11,898
Water saved by green projects	ton	9,442,056.75	9,525,871.43	10,751,700.23
Carbon dioxide equivalent emissions reduced by green projects	ton	175,628.75	80,770.21	90,681.14
Sulfur dioxide reduced by green projects	ton	3,348.19	1,278.11	776.45
Standard coal consumption reduced by green projects	ton	61,760.48	36,814.44	42,794.74
Chemical oxygen demand reduced by green projects	ton	4,388.28	1,110.50	2,641.73
Ammonia nitrogen emissions reduced by green projects	ton	12.19	723.94	739.94
Nitrogen oxides reduced by green projects	ton	1,377.80	206.44	436.31

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



<b>Green Operation</b>				
Outlet new smart machine coverage	%	100	100	100
Number of electronic banking transactions	No.	452,152,800	251,434,000	223,204,100
Number of online banking transactions	No.	332,532,100	143,897,000	121,585,900
Number of telephone banking transactions	No.	80,200	68,900	75,900
Number of mobile banking transactions	No.	116,875,300	104,676,700	98,130,500
Rate of e-banking substitution	%	99.85	99.75	99.70
Electronic banking transaction volume	RMB billion	21,211.656	20,516.515	19,524.157
Online banking transaction volume	RMB billion	20,251.436	19,450.367	17,254.354
Mobile banking transaction volume	RMB billion	952.328	1,057.910	2,260.024
Video equipment coverage	%	100	100	100

## **(II) Greenhouse Gas Emissions and Energy Consumption<sup>15</sup>**

With a focus on energy efficiency, energy-saving techniques, and green management practices, the Bank is deeply committed to promoting energy conservation, environmental protection, and eco-friendly practices. We are in the process of establishing a robust carbon emission accounting system, persistently striving to reduce our energy usage and greenhouse gas emissions during operations, which reflects our consistent approach to green, low-carbon, and circular development.

We've incorporated green and sustainable concepts into the design, construction, and management of our office spaces. For instance, the Head Office building has attained the LEED Gold Pre-Certification, with double-glazed curtain walls which improve the energy efficiency of the external walls, and a zoned air conditioning system that operates based on specific timing, effectively decreasing operating expenses. In addition, our central data center

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15. Outsourced conventional power consumption and total office water consumption in 2022 updated, total GHG emissions (Scope 1 and Scope 2), direct GHG emissions (Scope 1), direct GHG emissions (Scope 2), GHG emission intensity, total energy consumption, energy consumption per unit of area, and water consumption per unit of area associated with this data updated

minimizes power consumption and boosts energy efficiency by maintaining year-round constant temperature and humidity levels, reducing cooling tower operation frequency, and adjusting the speed of precision terminal air conditioning fans accordingly.

For more comprehensive information on the Bank’s eco-friendly operations, please refer to “Upholding Green Operations”.

<b>Indicator</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Total GHG emissions (Scope 1 and 2)	Ton of CO <sub>2</sub> equivalent	56,412.70	181,280.83	16,755.83
Direct GHG emissions (Scope 1)	Ton of CO <sub>2</sub> equivalent	3,586.64	3,184.02	335.55
Indirect GHG emissions (Scope 2)	Ton of CO <sub>2</sub> equivalent	52,826.06	178,096.80	16,420.28
Greenhouse GHG emission intensity	Ton of CO <sub>2</sub> equivalent / m <sup>2</sup>	0.07	0.24	0.15
Particulate matter <sup>16</sup>	ton	0.05	0.06	-
Sulfur dioxide	ton	0.32	0.34	-
Nitrogen oxides	ton	7.98	8.52	-
Total energy consumption	mWh	116,187.74	431,414.95	37,461.60
Energy consumption per unit area	mWh /m <sup>2</sup>	0.14	0.57	0.34
<b>Direct Energy Consumption</b>				
Natural gas consumption	m <sup>3</sup>	773,699.38	825,250.12	125,071.00
Gasoline consumption	Litre	844,719.13	622,186.35	20,409.86
Diesel consumption	Litre	19,085.56	8,109.96	6,587.00
<b>Indirect Energy Consumption</b>				

<sup>16</sup>Particulate matter, sulfur dioxide, and nitrogen oxides are calculated in accordance with the *Technical Guidelines for the Compilation of Air Pollutant Emission Inventory from Road Vehicles (Trial)* issued by the Ministry of Environmental Protection of China, the same below

Outsourced conventional power consumption	kWh	76,824,916.11	72,337,251.70	-
Outsourced green power consumption	kWh	1,583,437.47	94,204.30	-
Data center power usage effectiveness (PUE)	/	1.323	1.359	1.455

### (III) Waste Management

CZBank adheres to the principles of “waste classification” and “recycling” in its effort to minimize the environmental impact resulting from waste disposal.

**Household Waste Management:** We strictly enforced measures designed to conserve and prevent wastage. We motivated employees to engage in the “Empty Plate” campaign aiming to eradicate food waste, and to use recyclable lunch boxes and utensils to minimize the need for disposable tableware. In addition, we implemented a rigorous segregation process for managing kitchen and general waste, delegating its collection and handling to professional waste processing companies.

**Electronic Waste Management:** Upon acquisition of electrical and electronics equipment, we entered into agreements with suppliers incorporating a recycling clause. This includes partnership with the product manufacturer in setting up a waste electrical and electronic product recycling system. While in use, we created traceable management files for equipment. In the process of identifying and marking waste electrical and electronics products, we strove to avoid direct disposal. Instead, we explored the possibility of dismantling waste equipment, and recycling functional components wherever possible.

**Hazardous Waste Management:** Potentially hazardous waste such as obsolete hard drives, toner cartridges, air filters, discarded cables, water treatment residues, spent batteries, used oil, and refrigeration devices that can destroy the ozone layer or contribute to the greenhouse effect, are routinely produced from daily office operations and maintenance. We ensured such waste was systematically gathered and treated by accredited third-party companies. This approach effectively controls potential pollution that may result from careless disposal.

<b>Indicator<sup>17</sup></b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Total waste generated	ton	9,290.35	6,595.50	2,001.10
Total non-hazardous waste generated	ton	9,264.50	6,577.98	2,000.50
Household waste	ton	6,994.89	4,936.82	1,656.50
Food waste	ton	2,195.11	1,517.06	344.00
Office supplies waste	ton	6.58	62.23	-
Non-hazardous electronic waste	ton	67.93	61.88	0
Total amount of hazardous waste <sup>18</sup>	ton	25.84	17.52	0.5992
Toner cartridges, ink cartridges	ton	25.84	17.52	0.5992
Non-hazardous waste generated per unit area	ton/m <sup>2</sup>	0.0113	0.0087	0.0179
Hazardous waste generated per unit area	ton/m <sup>2</sup>	0.000032	0.000023	0.0000054

#### **(IV) Water Resources Management<sup>19</sup>**

CZBank earnestly promotes the idea of water conservation, proactively enhancing the management of water consumption in office spaces. We posted water conservation signs to guide employees to use water judiciously, thereby reducing waste. Issues identified during routine inspections or repair of facilities and equipment were promptly rectified to prevent wasteful occurrences such as leaks or drips. We required the property management company to manually adjust the angle valves at the basins on each floor to regulate water output, effectively conserving water. Moreover, the data center modified the water treatment dosing

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17.Particulate matter, sulfur dioxide and nitrogen oxides were eliminated from hazardous waste in 2023, and the data on total waste generated, total hazardous waste generated, and hazardous waste generated per unit area in 2022 were updated accordingly

18.Hazardous waste is mainly waste toner cartridges. Toner cartridges are calculated based on a gross weight of 0.8 kg/piece

19.Total office water consumption, water consumption per unit area in 2022 update

strategy and enhanced water treatment plans to slow the rise rate of conductivity, thereby decreasing the frequency of waste-water discharge. We also regularly cleaned the conductivity detector to confirm that the wastewater meets discharge standards.

In the reporting period, the Bank did not engage in any unlawful pollution discharge activities.

<b>Indicator</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Total office water consumption	ton	574,932.10	525,778.38	171,454.00
Water consumption per unit area	ton/m <sup>2</sup>	0.70	0.70	1.53
Data center water usage effectiveness (WUE)	/	2.078	2.286	2.007

#### **(V) Paper Management**

In our commitment to sustainable office practices, we embraced the use of paperless, online, and mobile office applications, promoting a digital revolution within our management structure. Throughout the year, we implemented over 1.21 million online procedures, leading to a considerable savings of approximately 45 tons of office paper. In our operational system, we've been enthusiastic participants in an electronic voucher data pilot project, facilitating the automatic linkage of accounting vouchers, bank receipts, bank statements, and bank balance adjustments, obviating the need for paper print-outs. Further, we integrated paperless reimbursement across the organization. This includes complete online pre-approval processes which reduced 3.22 tons of paper consumption.

<b>Indicator</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Credit card electronic statement usage rate	%	100	100	100
Paper saved by electronic credit card statements <sup>20</sup>	ton	31.82	32.90	36.50
Paper saved in office system operation	ton	44.80	45.20	38.51
Paper saved by the electronic voucher data pilot project	ton	2.39	1.43	-

20. Paper bills are calculated based on 4.3659 grams/sheet and 229,047 sheets/ton, the same below

Paper saved by paperless reimbursement	ton	3.22	2.82	2.08
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## Relevant Indicators

### I. HKEX Environmental, Social and Governance Report Guide

Aspect, General Disclosure and KPI	Description	Section
A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Greenhouse gas emissions and energy consumption; Waste management
KPI A1.1	The types of emissions and respective emissions data.	Greenhouse gas emissions and energy consumption; Waste management
KPI A1.2	Greenhouse gas emissions in total (in tons) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Greenhouse gas emissions and energy consumption
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste management
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste management
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Greenhouse gas emissions and energy consumption
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results	Waste management

	achieved.	
A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Upholding Green Operations; Greenhouse gas emissions and energy consumption; Water resource management; Paper management
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kwh in '000s) and intensity (e.g. per unit of production volume, per facility).	Greenhouse gas emissions and energy consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water resource management
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Greenhouse gas emissions and energy consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	The company is a financial service provider and the indicator is thus not applicable.
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	The company is a financial service provider and the indicator is thus not applicable.
A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Developing green finance; Addressing climate change
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the	Developing green finance;



	actions taken to manage them.	Addressing climate change
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.	Identifying Climate Risks and Opportunities; Addressing climate change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Identifying Climate Risks and Opportunities; Addressing climate change
Employment and Labor Practice		
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.	Recruitment and Hiring; Diversity and equal opportunities(anti-discrimination); Labor Code (compensation, recruitment, benefits and welfare); Development and Training (Promotion); Health and Safety (working hours, rest periods)
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Recruitment and Hiring; Diversity and equal opportunities
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Recruitment and Hiring; Diversity and equal opportunities

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.	Providing all-round care for employees; Health and safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and safety
KPI B2.2	Lost days due to work injury.	Health and safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and safety
B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee development and training; Development and training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and training
B4: Labor Standards		
General Disclosure	Information on: (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Labor Code
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Labor Code
KPI B4.2	Description of steps taken to eliminate such practices	There have been no cases of child labor

	when discovered.	or forced labor, thus this index is not applicable.
Operating Practices		
B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply chain management
KPI B5.1	Number of suppliers by geographical region.	Supply chain management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply chain management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply chain management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply chain management
B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product liability and consumer protection (health and safety, labelling and other indicators are not applicable as the company is a financial service provider); Privacy Protection and Information Security
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The company is a financial service provider and the indicator is thus

		not applicable.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product liability and consumer protection
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product liability and consumer protection
KPI B6.4	Description of quality assurance process and recall procedures.	The company is a financial service provider and the indicator is thus not applicable.
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Protecting customer privacy; Privacy protection and information security
<b>B7: Anti-corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Business ethics and anti-corruption; Anti-Money Laundering and Counter-Terrorist Financing
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Business ethics and anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Business ethics and anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Business ethics and anti-corruption
<b>Community</b>		
<b>B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates	Engaging vigorously in

	and to ensure its activities take into consideration the communities' interests.	social welfare activities; Community investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Engaging vigorously in social welfare activities; Community investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community investment

## II. TCFD Recommendations

TCFD Framework	Recommendations	Section
<p><b>Governance:</b> Disclose the organization’s governance around climate-related risks and opportunities</p>	Describe the board’s oversight of climate-related risks and opportunities.	Board Statement; Actively Responding to Climate Change
	Describe management’s role in assessing and managing climate-related risks and opportunities.	
<p><b>Strategy:</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.</p>	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Actively Responding to Climate Change
	Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	Board Statement; Actively Responding to Climate Change
	Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2 °C or lower scenario.	Actively Responding to Climate Change
<p><b>Risk Management:</b> Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	Describe the organization’s processes for identifying and assessing climate-related risks.	Actively Responding to Climate Change
	Describe the organization’s processes for managing climate-related risks.	
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	
<p><b>Metrics and Targets:</b> Disclose the metrics and</p>	Disclose the metrics used by the organization to assess climate-related risks	Actively Responding to Climate Change

<p>targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p>and opportunities in line with its strategy and risk management process.</p>	
	<p>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p>Greenhouse gas emissions and energy consumption</p>
	<p>Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>Actively Responding to Climate Change</p>

### III. GRI Standards for Sustainability Reporting

GRI Indicators	Interpretations	Section
GRI 1 Foundation 2021		
1 Foundation 2021	Reporting foundations, including publishing a GRI content index, providing a statement of use, etc.	GRI Standards for Sustainability Reporting
GRI 2 General Disclosures 2021		
The organization and its reporting practices		
2-1	Organizational details	About us
2-2	Entities included in the organization's sustainability reporting	About the report
2-3	Reporting period, frequency and contact point	About the report
2-4	Restatements of information	About the report
2-5	External assurance	Independent Assurance Report
Activities and workers		
2-6	Activities, value chain and other business relationships	Supply chain management
2-7	Employees	Fostering growth alongside employees
2-8	Workers who are not employees	Not Applicable
Governance		
2-9	Governance structure and composition	Organizational Structure; Corporate Governance
2-10	Nomination and selection of the highest governance body	Corporate



		Governance
2-11	Chair of the highest governance body	See the annual report
2-12	Role of the highest governance body in overseeing the management of impacts	Board Statement; Corporate Governance
2-13	Delegation of responsibility for managing impacts	Corporate Governance
2-14	Role of the highest governance body in sustainability reporting	Board of Directors Statement; Responsible Management
2-15	Conflicts of interest	See the annual report
2-16	Communication of critical concerns	Stakeholder Communication
2-17	Collective knowledge of the highest governance body	Responsible Management
2-18	Evaluation of the performance of the highest governance body	See the annual report
2-19	Remuneration policies	See the annual report
2-20	Process to determine remuneration	See the annual report
2-21	Annual total compensation ratio	See the annual report
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Responsible Management
2-23	Policy commitments	Responsible Management
2-24	Embedding policy commitments	Responsible

		Management
2-25	Processes to remediate negative impacts	Risk Management
2-26	Mechanisms for seeking advice and raising concerns	Risk Management
2-27	Compliance with laws and regulations	Internal control and compliance
2-28	Membership associations	Awards and Honors
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Stakeholder Communication
2-30	Collective bargaining agreements	Labor Code
GRI 3 Material Topics 2021		
3-1	Process to determine material topics	Materiality analysis
3-2	List of material topics	Materiality analysis
3-3	Management of material topics	Materiality analysis
GRI 201 Economic Performance 2016		
201-1	Direct economic value generated and distributed	Overview
201-2	Financial implications and other risks and opportunities due to climate change	Actively Responding to Climate Change
201-3	Defined benefit plan obligations and other retirement plans	Providing all-round care for employees
201-4	Financial assistance received from government	Undisclosed
GRI 202 Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Undisclosed
202-2	Proportion of senior management hired from the local community	Undisclosed
GRI 203 Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	Corporate responsibility;

		Advancing Economic Progress and Improving People's Living Standards
203-2	Significant indirect economic impacts	Corporate responsibility; Advancing Economic Progress and Improving People's Living Standards
GRI 204 Procurement Practices 2016		
204-1	Procurement Practices	Supply chain management
GRI 205 Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Business ethics and anti-corruption
205-2	Communication and training about anti-corruption policies and procedures	Business ethics and anti-corruption
205-3	Confirmed incidents of corruption and actions taken	Business ethics and anti-corruption
GRI 206 Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Anti-unfair competition
GRI 207 Tax 2019		
207-1	Approach to tax	See the annual report
207-2	Tax governance, control, and risk management	See the annual report
207-3	Stakeholder engagement and management of concerns related to tax	See the annual report
207-4	Country-by-country reporting	See the annual report
GRI 301 Materials 2016		
301-1	Materials used by weight or volume	Waste Management; Water resources management; Paper consumption
301-2	Recycled input materials used	Waste Management; Water resource

		management; Paper management
301-3	Reclaimed products and their packaging materials	Not Applicable
GRI 302 Energy 2016		
302-1	Energy consumption within the organization	Greenhouse Gas Emissions and Energy Consumption
302-2	Energy consumption outside of the organization	Greenhouse Gas Emissions and Energy Consumption
302-3	Energy intensity	Greenhouse Gas Emissions and Energy Consumption
302-4	Reduction of energy consumption	Greenhouse Gas Emissions and Energy Consumption
302-5	Reductions in energy requirements of products and services	Actively Responding to Climate Change; Greenhouse Gas Emissions and Energy Consumption
GRI 303 Water and Effluents 2018		
303-1	Interactions with water as a shared resource	Water resources management
303-2	Management of water discharge-related impacts	Water resources management
303-3	Water withdrawal	Not Applicable
303-4	Water discharge	Water resources management
303-5	Water consumption	Water resources management
GRI 304 Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	No relevant operation points
304-2	Significant impacts of activities, products and services on	No significant impact

	biodiversity	
304-3	Habitats protected or restored	No relevant operation points
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	No relevant operation points
GRI 305 Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Greenhouse Gas Emissions and Energy Consumption
305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse Gas Emissions and Energy Consumption
305-3	Other indirect (Scope 3) GHG emissions	Undisclosed
305-4	GHG emissions intensity Emissions	Greenhouse Gas Emissions and Energy Consumption
305-5	Reduction of GHG emissions	Undisclosed
305-6	Emissions of ozone-depleting substances (ODS)	Undisclosed
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	Undisclosed
GRI 306 Waste 2020		
306-1	Waste generation and significant waste-related impacts	Waste Management
306-2	Management of significant waste-related impacts	Waste Management
306-3	Waste generated	Waste Management
306-4	Waste diverted from disposal	Waste Management
306-5	Waste directed to disposal	Waste Management
GRI 308 Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	Supply chain management
308-2	Negative environmental impacts in the supply chain and actions taken	Supply chain management
GRI 401 Employment 2016		
401-1	New employee hires and employee turnover	Recruiting and

		Hiring
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Labor Code
401-3	Parental leave	Recruiting and Hiring
GRI 402 Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	Undisclosed
GRI 403 Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation	Health and safety
403-3	Occupational health services	Health and Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Health and Safety
403-5	Worker training on occupational health and safety	Health and Safety
403-6	Promotion of worker health	Health and Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	The company is a financial service provider and the indicator is thus not applicable
403-8	Workers covered by an occupational health and safety management system	Health and Safety
403-9	Work-related injuries	Health and Safety
403-10	Work-related ill health	Health and Safety
GRI 404 Training and Education 2016		
404-1	Average hours of training per year per employee	Development and training
404-2	Programs for upgrading employee skills and transition assistance programs	Development and training
404-3	Percentage of employees receiving regular performance and career development reviews	Undisclosed
GRI 405 Diversity and Equal Opportunity 2016		

405-1	Diversity of governance bodies and employees	Corporate governance, Diversity and equal opportunity
405-2	Ratio of basic salary and remuneration of women to men	Undisclosed
GRI 406 Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Not happened
GRI 407 Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not Applicable
GRI 408 Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	Not happened
GRI 409 Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not happened
GRI 410 Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	Not Applicable
GRI 411 Rights of Indigenous Peoples 2016		
411-1	Incidents of violations involving rights of indigenous peoples	Not Applicable
GRI 413 Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Not Applicable
413-2	Operations with significant actual and potential negative impacts on local communities	Not Applicable
GRI 414 Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Supply chain management
414-2	Negative social impacts in the supply chain and actions taken	Supply chain management
GRI 415 Public Policy 2016		

415-1	Political contributions	Not Applicable
GRI 416 Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Product liability and consumer protection
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not Applicable
GRI 417 Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	Product liability and consumer protection
417-2	Incidents of non-compliance concerning product and service information and labeling	Not happened
417-3	Incidents of non-compliance concerning marketing communications	Not happened
GRI 418 Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Privacy protection and information security



# Independent Assurance Report



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## Independent accountant's assurance report

安永华明（2024）专字第70013043\_A01号  
浙商银行股份有限公司

## To the Board of Directors of China Zheshang Bank Company Limited

### Scope

We have been engaged by China Zheshang Bank Company Limited (the "Bank") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the Bank's identified subject matter in the 2023 Social Responsibility Report (the "Subject Matter") as of 31 December 2023 and for the year ended 31 December 2023.

### Subject matter

The subject matter in the Social Responsibility Report of the Bank for 2023 that is covered by this report is as follows:

- Green loan balance (RMB 100 million)
- Large agricultural loan balance (RMB 100 million)
- Balance of loans to SMEs (RMB 100 million)
- Customer satisfaction rate of the 95527 hotline service (%)
- Donations (RMB 10 thousand)
- Percentage of female employees (%)
- Training time per employee (hour)
- Rate of e-banking substitution (%)
- Direct GHG emissions (Scope 1) (tons of CO2 equivalent)
- Indirect GHG emissions (Scope 2) (tons CO2 equivalent)
- Total energy consumption (MWh)
- Total waste generated (tons)
- Total office water consumption (tons)

Our assurance was with respect to the selected data as at 31 December 2023 and for the year then ended only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2023 Social Responsibility Report.

### Criteria applied by the Bank

In preparing the Subject Matter, the Bank applied the criteria which is set out in the "Appendix : Basis of Key Data Compilation" of 2023 Social Responsibility Report.





## Independent accountant's assurance report

安永华明（2024）专字第70013043\_A01号  
浙商银行股份有限公司

### The Bank's responsibilities

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

### EY's responsibilities

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

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ("ISAE 3000 (Revised)"). The standard requires that we plan and perform our engagement to and the terms of reference for this engagement as agreed with the Bank's responsibilities. The standard require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in the Social Responsibility Report in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

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

### Our independence and quality management

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

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires that we design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.





## Independent accountant's assurance report

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浙商银行股份有限公司

### Description of procedures performed

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

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

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information, and applying analytical and other appropriate procedures.

Our work was performed at the Head Office of the Bank, Beijing Branch, which included:

- 1) Conducted interviews with personnel to understand the business and reporting process;
- 2) Conducted interviews with key personnel to understand the process for collecting, collating and reporting the subject matter during the reporting period;
- 3) Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Basis of Reporting;
- 4) Undertook analytical procedures of the data and made inquiries of management to obtain explanations for any significant differences we identified;
- 5) Tested, on a sample basis, underlying source information to check the accuracy of the data; and
- 6) Other procedures deemed necessary.





**Independent accountant's assurance report**

安永华明（2024）专字第70013043\_A01号  
浙商银行股份有限公司

**Conclusion**

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the subject matter as of 31 December 2023 and for the year then ended in the 2023 Social Responsibility Report, in order for it to be in accordance with the Criteria.

**Restricted use**

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



*Ernst & Young Hua Ming LLP*

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Ernst & Young Hua Ming LLP

28 March 2024

Beijing, China



## **Key Data Compilation Basis**

### **Green loan balance (RMB100 million):**

The green loan balance disclosed in the social responsibility report of CZBank refers to the green loan balance of CZBank in accordance with the *Notice of the People's Bank of China on Revising the Special Statistical System for Green Loans (Yinfa [2019] No. 326)* during the reporting period.

### **Large agricultural loan balance (RMB100 million):**

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

### **Balance of loans to SMEs (RMB100 million):**

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

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

The customer satisfaction rate of the 95527 hotline service disclosed in the social responsibility report of CZBank refers to the percentage of the total number of "very satisfied and satisfactory" entries in the satisfaction evaluation survey of the agent system of CZBank Customer Service Center during the reporting period. The customer satisfaction rate of the 95527 hotline service = the amount of very satisfied and satisfied entries / the amount of participation x 100%.

**Donations (RMB10 thousand):**

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

**Percentage of female employees (%):**

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

**Training time per employee (hour):**

The training time per employee disclosed in the social responsibility report of CZBank refers to the total number of hours of training activities held by the head office and branches of CZBank divided by the total number of employees of the Bank during the reporting period. The training time per employee = the total number of hours of training activities held by the head office and branches of CZBank / total number of employees of CZBank x100%. Training activities include online and offline trainings held by CZBank.

**Rate of e-banking substitution (%):**

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



the *General Specifications for Information Security in Online Banking Systems* (Yinfa (2012) No. 121).

**Direct GHG emissions (Scope 1) (tons of CO2 equivalent):**

The direct GHG emissions refers to the total emission of greenhouse gas emissions in scope 1 generated by CZBank, including natural gas, gasoline and diesel. The scope of statistics includes CZBank's headquarters and its 35 branches. Direct greenhouse gas emissions presented as carbon dioxide equivalent, and it is calculated in accordance with HKEX's *Environmental*, NDRC's *Guidelines for Accounting Methods and Reporting on Greenhouse Gas Emissions of Public Building Operators(Trial)*, SAMR and SAC's *General Rules for the Calculation of Comprehensive Energy Consumption (GB/T-2589-2020)* , IPCC's *The 2006 IPCC Guidelines for National Greenhouse Gas Inventories*.

**Indirect GHG emissions (Scope 2) (tons of CO2 equivalent):**

The indirect GHG emissions refers to the total emission of greenhouse gas emissions in scope 2 generated by CZBank, including external electricity purchase, external heat purchase and water consumption. The scope of statistics includes CZBank's headquarters and its 35 branches. Indirect greenhouse gas emissions presented as carbon dioxide equivalent, and it is calculated in accordance with HKEX's *Environmental*, NDRC's *Guidelines for Accounting Methods and Reporting on Greenhouse Gas Emissions of Public Building Operators(Trial)*, SAMR and SAC's *General Rules for the Calculation of Comprehensive Energy Consumption (GB/T-2589-2020)* , IPCC's *The 2006 IPCC Guidelines for National Greenhouse Gas Inventories*, MEE's *Notice on the Management of Greenhouse Gas Emission Reporting of Power Generation Enterprises from 2023 to 2025*.

**Total energy consumption (MWh):**

The total energy consumption refers to the total energy consumption generated by CZBank, including natural gas, gasoline, diesel, external electricity purchase and external heat purchase. The scope of statistics includes CZBank's headquarters and its 35 branches. Total energy consumption presented as MWh, and it is calculated in accordance with.

**Total waste generated (tons):**

The total waste generated refers to the total waste amount generated by CZBank, including household waste, kitchen waste, waste office supplies, harmless electronic wastes and toner cartridges. The scope of statistics includes CZBank's headquarters and its 35 branches. The total waste generated presented as ton, and it is calculated in accordance with the HKEX's *Appendix 2: Guidelines for Reporting Environmental Key*

*Performance Indicators, the Law of Prevention and Control of Environmental Pollution by Solid Waste, the Regulations on the Administration of Recycling and Treatment of Waste Electrical and Electronic Products (Ministry of Ecology and Environment), the Technical Guidelines for Domestic Waste Treatment (Ministry of Ecology and Environment), the Measures for the Administration of Recycling of Scrapped Motor Vehicles (National Order No. 715).*

**Total office water consumption (tons):**

The total office water consumption refers to the total office water consumption generated by CZBank. The scope of statistics includes CZBank's headquarters and its 35 branches.



## Feedback From Readers

Dear readers:

Thank you for reading the *CZBank 2023 Corporate Social Responsibility Report*. We value and look forward to hearing your feedback on CZBank's social responsibility management, practices and report. Your comments and suggestions are an important basis for us to continue to promote CSR management and practice. We are looking forward to your reply.

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

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

Yes.  Maybe  No

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

Yes.  Maybe  No

3. Do you think the report provides sufficient information?

Yes.  Maybe  No

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

Yes.  Maybe  No

### Open-ended question

Do you have any other comments and suggestions on the *CZBank 2023 Corporate Social Responsibility Report*?

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Please feedback your comments and suggestions in the following ways:

Address: The Party and Mass Work Department (Party Committee Propaganda Department) of CZBank, 1 MinxinRoad, Shangcheng District, Hangzhou City, Zhejiang Province, China

Email: dshbgs@czbank.com