



**CHINA ZHESHANG BANK CO., LTD.**  
**2024 Sustainability Report**

March 2025

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## About The Report

The Board of Directors warrant that this Report contains no false record, misrepresentation statement or significant omissions, and assumes individual and collective responsibility for its authenticity, accuracy, and integrity.

### Scope

Organizational coverage: This Report primarily focuses on China Zheshang Bank 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 Zheshang Bank Co., Ltd. for the sake of linguistic simplicity.

Reporting period: This Report presents information spanning from January 1, 2024 to December 31, 2024. 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 2024.

The financial data in this Report are drawn from the 2024 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 the *Measures for the Supervision and Evaluation on the Protection of Consumer Rights and Interests of Banking and Insurance Institutions* issued by the National Financial Regulatory Administration (the former China Banking and Insurance Regulatory Commission (CBIRC)), the *Guidelines for Corporate Social Responsibility of China’s Banking Financial Institutions* issued by the China Banking Association, the *Self-regulation Guide No. 14 for the Companies Listed on Shanghai Stock Exchange —Sustainability Reports (Trial)* issued by the Shanghai Stock Exchange (SSE), the *Environmental, Social and Governance Reporting Code* of The Stock Exchange of Hong Kong Limited (HKEx), and also complies with the *ISO 26000:2010 - Guidance on Social Responsibility* released by the International Standardization Organization (ISO), the *GRI Sustainability Reporting Standards* released by the Global Reporting Initiative (GRI), etc.

### Reporting Principles

- Principle of materiality: This Report is prepared based on in-depth online stakeholder surveys, data analysis, and additional research. It focuses on identifying and addressing material environmental, social, and governance (ESG) issues that have a direct impact on CZBank’s sustainable development, and details the process and results of the materiality analysis.

- Principle of quantitative assessment: This Report discloses a comprehensive quantitative assessment of CZBank's key ESG performance.
- Principle of consistency: This Report aligns the indicators utilized across differing reporting periods to the maximum extent possible, and explains any changes to the indicators to reveal the performance trend.
- 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 in accordance with 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 has provided 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/> and <http://www.hkex.com.hk/>.

## Overview

2024 marked the 75th anniversary of the founding of the People's Republic of China. It was also a crucial year for the implementation of China's 14th Five-Year Plan, as well as the year in which CZBank celebrated its 20th anniversary. In 2024, we were determined to reform, innovate, and forge ahead with a grateful heart. We continued to promote the concept of "ethics finance", steadily pursued smarter operations, improved our corporate culture and social image, and delivered new momentum for high-quality development, so as to contribute to the construction of common prosperity demonstration zones and the promotion of Chinese modernization.

**Adhering to the Party's leadership and promoting high-quality development.** We have been advocating and strengthening the overall leadership of the Party and constantly deepening the integration of the Party's leadership in corporate governance. In 2024, the Bank actively developed into a "Model for Financial Enterprise Party Building" and enhanced the influence of Party building, with a view to driving high-quality development. With the vision of serving as a "first-class commercial bank", we fully leveraged financial services to contribute to national strength and deliver benefits to the people, continued to cultivate a political atmosphere epitomizing "positivity, simplicity, professionalism, coordination, and integrity", implemented our four strategic priorities, and stepped up efforts to lay a solid foundation, optimize management, and develop featured business lines. As a result of these efforts, we made remarkable improvements in operations management, enhanced asset quality, and consolidated our customer base. As of the end of 2024, our total assets reached RMB3.3 trillion. *The Banker* magazine ranked CZBank 84th in terms of tier-1 capital on the list of the Top 1000 World Banks in 2024, recognizing CZBank as one of the top 100 banks globally for the 7th consecutive year. We have also maintained an "A" ESG rating from MSCI for three consecutive years.

**Serving the real economy and building a benchmark bank to support common prosperity.** We adhered to the principle of providing quality services to serve the real economy, steadily promoted the customer-oriented "No. 1 Project" to drive comprehensive and coordinated reform, pursued excellence in the five major areas of technology finance, green finance, inclusive finance, pension finance, and digital finance, continued to improve quality and efficiency in key areas to facilitate the real economy, and endeavored to always deliver high-quality financial services. We fully implemented our "Deepening Zhejiang's Development" strategy to drive the construction of major projects and the common prosperity demonstration zone in the province, successfully completing the goal for our related three-year action plan. In 2024, our total amount of loans and advances granted increased by 8.21% to RMB1,857.1 billion, of which RMB1,020.5 billion was granted to address financing demands in Zhejiang province. As of the end of 2024, our balance of inclusive loans to small and micro enterprises exceeded RMB350 billion, our balance of agricultural loans reached RMB240.564 billion, our balance of manufacturing loans stood at RMB303.147 billion, and our balance of financing to technological enterprises was RMB367.363 billion.

**Pursuing ethics finance and actively exploring a new paradigm for finance with Chinese characteristics.** In 2024, we continued to leverage innovation to pursue ethics finance, adhered to the function-first principle, embedded "ethics" DNA into financial service scenarios, and developed a variety of theories which have produced positive practical results. In order to promote our financial services for good, we have set up 235 financial consulting studios in 24 provinces and cities across the country, expanded our financial consulting team to include more than 4,200 members, and provided financing of RMB1,087.8 billion to 103,300 enterprises. In addition, we have promoted our county-level comprehensive financial ecosystem construction model in 74 districts and counties nationwide. Meanwhile, our goodwill credit project is generating positive results, and we have fully implemented the Charitable Trust Program to help entrepreneurs grow their enterprises and deliver more social value. The Bank has set up 31 Charity Studios to promote its unique public welfare brands such as "One Bank for One School" and "CZBank Support for Soldiers". In 2024, our annual donations reached RMB24.2913 million, reflecting our effort to deliver a greater positive impact on society.

**Advancing sustainable development and navigating the green and low-carbon transformation of the economy and society.** During the year, we made significant progress toward the "carbon peaking and carbon neutrality" goals, and we started from the top-level design to build a green finance working mechanism and fully integrate green finance concepts and low-carbon requirements into business processes to enable comprehensive management. We are making every effort to build business outlets that specialize in green finance. To this end, we set up green finance, climate investment, and climate financing pilot branches in key areas such as Quzhou, Huzhou, and Lishui, so as to improve the quality and efficiency of green financial services. In order to harness innovation to promote the development of carbon finance business, we have devised the "ESG loan + Insurance" business model, and we consider information such as enterprises' carbon emission data and carbon emission intensity data when delivering green financial services to actively promote the green transformation of enterprises. As of the end of 2024, the Bank's balance of green loans reached RMB247.737 billion, representing an increase of 21.78% during the year, the highest among all loan categories. We also facilitated the issuance of 12 green bonds, raising RMB7.137 billion, and we invested RMB1.315 billion in green bonds for wealth management.

**Promoting employee development and sharing achievements with our people.** During the year, we adhered to the people-oriented principle, respected and supported employees' efforts to pursue career development and value, and implemented our "123 Talent Plan". In 2024, we launched 1,607 training programs that registered 970,000 attendees, so as to comprehensively improve our people's professional skills and cultivate an atmosphere that encourages them to properly discharge their duties and pursue achievements in their careers. The Bank actively promoted the "Five Do's and Five Don'ts" financial culture with Chinese characteristics, held a series of high-quality activities including "CZBank Culture Week" and the "Year for Improving the Social Value of Finance", launched the "Youth Talk on Financial Culture" live broadcast program, and continued to improve its "Hive Community" to listen to employees'

cultural views and promote solidarity. In this way, we are striving to develop CZBank into "a bank that the young favors" and "a bank that advocates and promotes a happy life".

The Bank makes collective development efforts to turn its blueprint into reality. 2025 marks the final year of China's 14th Five-Year Plan. As a young bank established after 2000, in the coming year, we will continue to make progress toward our "First-Class in Three Aspects" target, drive ethics finance, pursue smart operations, develop the culture of CZBank, and deepen comprehensive and coordinated customer-centered reform. By taking these steps, we are confident that we will successfully enter the next level of high-quality growth, vigorously help China and Zhejiang develop financial strength, and work alongside the province in its effort to open up a new chapter of modernization with Chinese characteristics.



## Board Statement

The Board of Directors of CZBank plays a pivotal role in discussing and making decisions on material ESG issues for the Bank. Its responsibilities include 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 across the bank. The Board's office regularly tracks the execution of proposals, stays up-to-date on progress, and compiles specialized reports for the Board. These processes ensure that ESG objectives are intricately linked to the Bank's business operations. In 2024, 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 such as the formulation of strategic plans, support for the real economy, efforts to foster green finance, and protection of consumer rights. Through regular engagement and stakeholder surveys, the Board identifies key ESG tasks for the year, includes them in its ESG strategy, and regularly follows up on progress.

**Reviewing ESG progress.** In 2024, the Board and its special committees approved a series of ESG-related documents, such as the *CZBank CSR Report 2023*, the *CZBank Green Finance Report 2023*, the *CZBank Consumer Protection Report 2023 and Plan for 2024*, the *CZBank Anti-Money Laundering and Counter-Terrorist Financing Report 2023*, and the *CZBank Green Finance Development Strategy and Implementation Outline*, to put forward systematic recommendations and requirements for the Bank's ESG measures.

# About Us

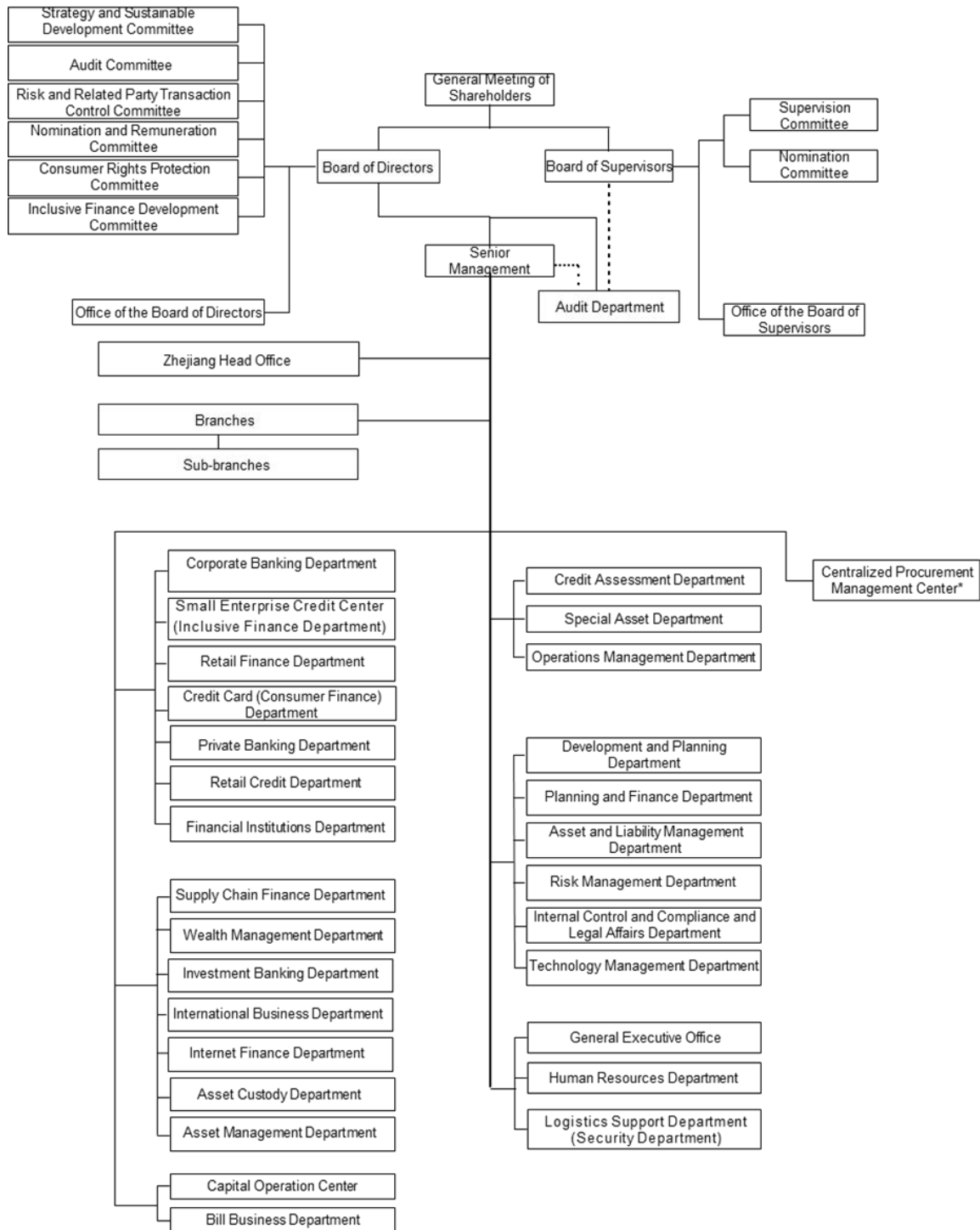
## I. Company Profile

China Zheshang Bank Co., Ltd. (“CZBank”) is one of 12 nationwide joint stock commercial banks in China. Headquartered in Hangzhou, Zhejiang province, CZBank officially opened for business on August 18, 2004, and it is the 13th A+H-share listed bank in China. Since its incorporation, CZBank has expanded its business from Zhejiang to other parts of the country and world, and it is now recognized as a high-quality commercial bank with a robust foundation, 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”. We are committed to pursuing inclusive finance, operational expertise, and cultural excellence, deepening our digital transformation, carrying out coordinated and comprehensive customer-centric reforms, strategically prioritizing business development in Zhejiang province, upgrading wealth management services, and promoting the integrated development of the five primary business sectors of retail banking, corporate banking, investment banking, asset management, and overseas banking. We are also steadily striving to enhance our “customer base, talent pool, underlying systems, and investment research”, with a view to forging ahead in our journey towards high-quality growth.

As of the end of 2024, CZBank had set up 362 branches in 22 provinces/autonomous regions/municipalities and Hong Kong Special Administrative Region, covering Zhejiang province, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, the Bohai Economic Rim and the Western Taiwan Straits Economic Zone, as well as certain parts of China’s central and western regions. In 2024, we were ranked 84th in terms of tier-1 capital on the list of the Top 1000 World Banks 2024 published by *The Banker*, and we were awarded the highest “AAA” rating by CCXI.

## II. Organizational Structure



Note: Institutions marked with \* are directly under the Head Office.

### III. Annual Sustainability Performance

Category	Indicator	Unit	2024	2023	2022
Governance performance	Number of directors	No.	12	14	13
	Number of board meetings	No.	14	11	14
	Average board meeting attendance	%	95.88	94.32	99.45
Economic performance <sup>1</sup>	Total assets	RMB billion	3,325.539	3,143.879	2,621.930
	Operating income	RMB billion	67.702	63.764	61.152
	Profit after tax	RMB billion	15.693	15.493	13.989
	Total tax paid	RMB billion	10.442	10.995	12.654
	Capital adequacy ratio	%	12.61	12.19	11.60
	Balance of loans to SMEs	RMB billion	457.399	405.386	341.883
	Large agricultural loan balance	RMB billion	240.564	220.783	199.924
Environmental performance <sup>2</sup>	Green loan balance	RMB billion	247.737	203.436	145.923
	Number of electronic banking transactions	Million	806.3231	452.1528	251.4340
	Rate of e-banking substitution	%	99.91	99.85	99.75
	Outsourced conventional power consumption	kWh	84,368,090.45	76,824,916.11	72,337,251.70
	Total office water consumption	Tons	600,694.74	574,932.10	525,778.38

<sup>1</sup> The statistics of economic performance are based on the consolidated data of the Bank and its subsidiaries, and the statistics of the total tax paid are based on the consolidated data of the Bank and its subsidiaries in China (excluding Hong Kong SAR)

<sup>2</sup> Outsourced conventional power consumption, total office water consumption, and gasoline consumption are for the Head Office and domestic branches

	Gasoline consumption	Liters	606,918.03	844,719.13	622,186.35
Social performance	Social contribution value per share <sup>3</sup>	RMB	3.64	3.58	4.10
	Donations	Million	24.2913	22.7051	25.4808
	Customer satisfaction rate of the 95527 hotline service	%	99.81	99.84	99.85
	Number of employees	No.	20,595	19,293	17,406
	Percentage of female employees	%	48.53	48.33	48.37
	Turnover rate	%	5.10	4.97	5.68
	Training time per employee	Hours	70.35	58.56	64.90

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<sup>3</sup> 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

## IV. Awards and Honors

Authority	Awards and Honors
“The Banker” magazine	84th of the “Top 1000 World Banks 2024
S&P and Moody’s	Investment grade rating
MSCI	“A” ESG rating
People’s Bank of China	Fintech Development Award
Eight ministries including the State Administration for Market Regulation, National Development and Reform Commission, Ministry of Finance, and People’s Bank of China	“Leader” in Corporate Standards
People’s Government of Zhejiang Province	First Prize for the Excellent Institution Supporting the Economic and Social Development of Zhejiang
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 State Administration of Foreign Exchange Zhejiang Office	First prize for individuals and second prize for teams in the “Zhejiang Cross-border Financial Service Competition”
Zhejiang Provincial Federation of Trade Unions People’s Bank of China Zhejiang Branch	Group award, second prize for individuals, and third prize for individuals in Zhejiang province’s 2024 “Digital and Intelligent Empowerment” Comprehensive Statistical Skills Competition for the Financial Industry
National Archives Administration of China	One of the first batch of enterprises in China to complete the digital archives pilot project
Financial Services Committee of General Association of Zhejiang Entrepreneurs	Third “Jinqu Rankings – Jinyan Award” and “Jinqu Rankings – Jinyan Award” for financial consulting services
State Administration of Foreign Exchange	First place in the mid-term evaluation of banks’ exchange rate risk management services for enterprises
Zhejiang Provincial Committee of the Communist Youth League	“Zhe Li Qing Lian” Excellent Practice
State-owned Assets Supervision and Administration Commission of Zhejiang Province	Second prize at the Zhejiang "State-owned Enterprise Good News" Awards
Zhejiang Provincial Federation of Trade Unions	Honorary title of “Best Service Station”
Social Work Department of Zhejiang Provincial Party Committee	Exemplar Brand for Volunteer Services in Zhejiang Province
China Banking Association China Association for Small & Medium Commercial Enterprises 21st Century Financial Research Institute of Southern Finance Omnimedia Group	Typical Cases of Inclusive Finance in China
China Central Depository & Clearing Co., Ltd.	Outstanding Pioneer in Collateral Business Excellent Financial Bond Issuer
Shanghai Clearing House	High-Quality Settlement Business Development Award

Shanghai Commercial Paper Exchange	Annual Excellent Discount Institution and Excellent Supply Chain Commercial Paper Participant Excellent Enterprise in Promoting Next-Generation Systems Excellent Commercial Bill Information Disclosure Service Provider and Excellent Discount Connect Participating Institutions
China Banking and Insurance News	Best Communication Award of Short Videos on Preventing Illegal Fund Raising
China Securities Journal	Golden Bull Award for (Fixed Income) Products of Joint-Stock Commercial Banks and Their Wealth Management Companies
Securities Times	Tianma Award for Investor Relations of Listed Companies in China
The Economic Observer	2024 Retail Finance Pilot Bank
The Chinese Banker	2024 Annual Excellent Case of Technology Finance Innovation
China Financial Media	Top 20 Banks in Comprehensive ESG Performance
China Technology Finance Conference	2024 Outstanding Case in the Technology Finance Pioneer Rankings
Hong Kong International ESG Annual Awards	Best ESG Financial Service Provider

# Strategy and Management

## I. Corporate Culture System

CZBank's "pyramid" corporate culture system consists of three levels from top to bottom: "Foundation of Culture", "Content of Culture" and "Purpose of Culture". In 2024, the Bank actively implemented "Five Do's and Five Don'ts" in forging a financial culture with Chinese characteristics, implemented "Cultural Shaping", "Cultural Anchoring", "Cultural Nourishment", "Cultural Promotion", and "Cultural Bloom" projects, and strengthened its cultural brands to develop into "a bank that the young favors" and "a bank that advocates and promotes a happy life". By making these efforts, we were able to position the Bank as a leader in the movement to create a financial culture with Chinese characteristics.



Figure: Corporate Culture Pyramid



## II. ESG Management






During the reporting period, we further improved the system to incorporate ESG factors into practices.



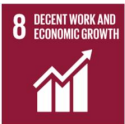




<b>Decision-making layer</b>	<p>The Board of Directors is the highest decision-making body for ESG management. Its Strategic and Sustainable Development Committee is responsible for reviewing ESG-related strategic plans, policies, objectives and implementation, and supervising rectification. Its Consumer Rights Protection Committee, Inclusive Finance Development Committee and other specialized committees are responsible for reviewing work related to ESG and inclusive finance according to the division of duties. The Board of Directors acts as the ultimate decision-making authority for ESG management. Among its auxiliary branches, the Strategic and Sustainable Development Committee is responsible for the review of holistic ESG strategic plans, policy objectives and their implementation, as well as supervising necessary rectifications. Other committees of the Board, such as the Consumer Rights Protection Committee and the Inclusive Finance Development Committee, are designated to review related ESG and inclusive finance tasks according to their areas of responsibility.</p>
<b>Senior management layer</b>	<p>Senior management forms the backbone for executing various resolutions set forth by the Board and its professional committees pertaining to ESG work. They are responsible for devising strategic plans, policies, and goals while ensuring effective coordination, guidance, and synchronized advancement of related tasks.</p>
<b>Execution layer</b>	<p>The Social Responsibility and Consumer Rights Protection Department<sup>4</sup> 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 rights protection, data privacy and security, and human capital development. In addition, they are responsible for the creation of annual social sustainability reports and enhancing external communication and collaboration.</p>






<sup>4</sup> The Social Responsibility and Consumer Rights Protection Department was established on March 2025.

### III. Contributing to the UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) are a well-established blueprint for achieving sustainable development for all mankind. The 17 development goals focus on social, economic, environmental and other dimensions of development, and propose common challenges related to poverty, inequality, climate, environmental degradation, prosperity, peace and justice. CZBank takes active actions to link its social responsibilities with the UN's sustainable development goals, and constantly improves its ability to perform the responsibilities. Our actions in response to the UN SDGs as follows:

Goal	Our Actions
Goal 1: No poverty 	We have allocated more financial resources to mountainous and island counties, leveraged our business characteristics and strength to enhance the development foundations and leading industries of the counties, provided "county-specific" targeted financial support, vigorously promoted the “East-West Collaboration Program” and "Thousands of Enterprises Joining Hands With Thousands of Villages for Poverty Eradication Campaign", and helped 23 counties and villages develop competitive industries.
Goal 2: Zero hunger 	We have facilitated the economic cycle and smooth industrial chains for mountainous and island counties, carried out live streaming to help peasants sell agricultural products, and explored the mode of “Secretary stationed in village + Financial consulting” to help expand the sales channels of local agricultural specialties.
Goal 3: Good health and well-being 	We have established a health and medical service platform to provide employees and their families with convenient medical treatment. We have also engaged in mutual medical aid for members of Zhejiang’s industrial trade unions.
Goal 4: Quality education 	We have developed the "One Bank for One School" long-term assistance mechanism to comprehensively help schools improve their infrastructure, environment, teaching quality, etc., so that children in rural areas can have access to fairer and better education.
Goal 5: Gender equality 	We have adopted a recruitment strategy to diversify employees by eliminating discrimination by gender, age, nationality and so on while protecting the legitimate rights and interests of female employees.

Goal 6: Clean water and sanitation		Through special funds such as green loans, we have supported the construction, upgrading and daily operation of urban sewage treatment facilities, waterworks, and water supply and drainage networks, with an aim to provide clean and sanitary domestic water for residents.
Goal 7: Affordable and clean energy		We have supported the construction of clean energy projects by underwriting and issuing green bonds and other products; achieved greener building operations by strengthening management and using energy-saving facilities, such as solar lighting and air energy water heaters.
Goal 8: Decent work and economic growth		We have established and improved the compensation and welfare system, optimized the employee promotion system, continued to enhance employee training, and launched special training to improve employees' professional skills, management skills and business forecast skills.
Goal 9: Industry, innovation and infrastructure		We have actively practiced a new business model to offer comprehensive financial consulting services for technological innovation enterprises. We have also facilitated the development of major green, low-carbon and clean energy projects in Zhejiang province.
Goal 10: Reduced inequality		We have leveraged inclusive finance, rural revitalization efforts, and financial consulting systems to help the construction of the Zhejiang common prosperity demonstration zone.
Goal 11: Sustainable cities and communities		We have built a financial service model for public benefits, adopted financial instruments for public welfare and philanthropy, and continued to expand the scope, products and services of public benefit finance, aiming to contribute capital to common welfare and participate in improving the society.
Goal 12: Responsible consumption and production		We have promoted inclusive consumer loans and comprehensively addressed various consumption demands to help improve people's livelihood, thereby boosting domestic demands and driving consumption upgrading. We have also continued to promote financial knowledge, so as to raise people's perception of services and their awareness of risk prevention.

Goal 13: Climate action		We have established the "Green Finance Committee" and "Steering Group for Carbon Peaking and Carbon Neutrality Goals", defined the development strategy, policies and priorities of green finance, and formulated the <i>Action Plan of CZBank to Support Carbon Peaking and Carbon Neutrality (2021-2025)</i> . We have also included environmental, social and governance risks in our comprehensive risk management framework, and enhance policies to guide carbon peaking and carbon neutrality initiatives and energy structure adjustment.
Goal 14: Life below water		We have offered support for marine ecological protection and restoration and for the sustainable development of marine new energy, ecotourism and other industries, and incorporated them into our basic credit policy.
Goal 15: Life on land		We have supported the protection of wildlife and their habitats and the sustainable development of ecotourism and other industries, facilitated the green and low-carbon development of "agriculture, rural areas and farmers" as well as small and micro enterprises, and prioritized aid to new agricultural operators, ecological circular agriculture and other sectors, and have adapted our basic credit policy accordingly.
Goal 16: Peace, justice and strong institutions		We attach importance to internal control management, and have established internal whistleblowing, risk monitoring, internal audit, and other mechanisms to eliminate corruption and other criminal acts. We have also carried out regular "Compliance Image Enhancement Year" activities to comprehensively enhance the risk and compliance awareness of employees.
Goal 17: Partnerships for the goals		We attach great importance to communication with stakeholders, constantly broaden communication channels to broadly listen to the opinions and feedback of stakeholders, and take effective measures to respond to their expectations and demands in a timely and sincere manner.

## IV. Importance Analysis

Based on concerns of stakeholders and our efforts in the previous year, the Bank have identified, evaluated and screened ESG issues to determine the issues that are important to the Bank and stakeholders and disclosed them in this Report.

Step 1: Analyze the background and identify issues.	Identify the Bank's important issues based on policies, industry trends, sustainable development reporting guidelines, and ESG rating agencies' concerns to form a library of issues.
Step 2: Conduct issue evaluation and research.	Carry out a questionnaire survey for stakeholders, and invite representatives of stakeholders to assess the impact of the issues from their perspectives; invite internal experts to assess the importance of each issue to the Bank and arrange multiple departments to review and confirm the assessment result.
Step 3: Combine the assessment results.	Combine the assessment data obtained in the previous step to determine prioritize the issues important in the year.
Step 4: Disclose the important issues.	Carry out disclosures and make improvements based on the analysis results.

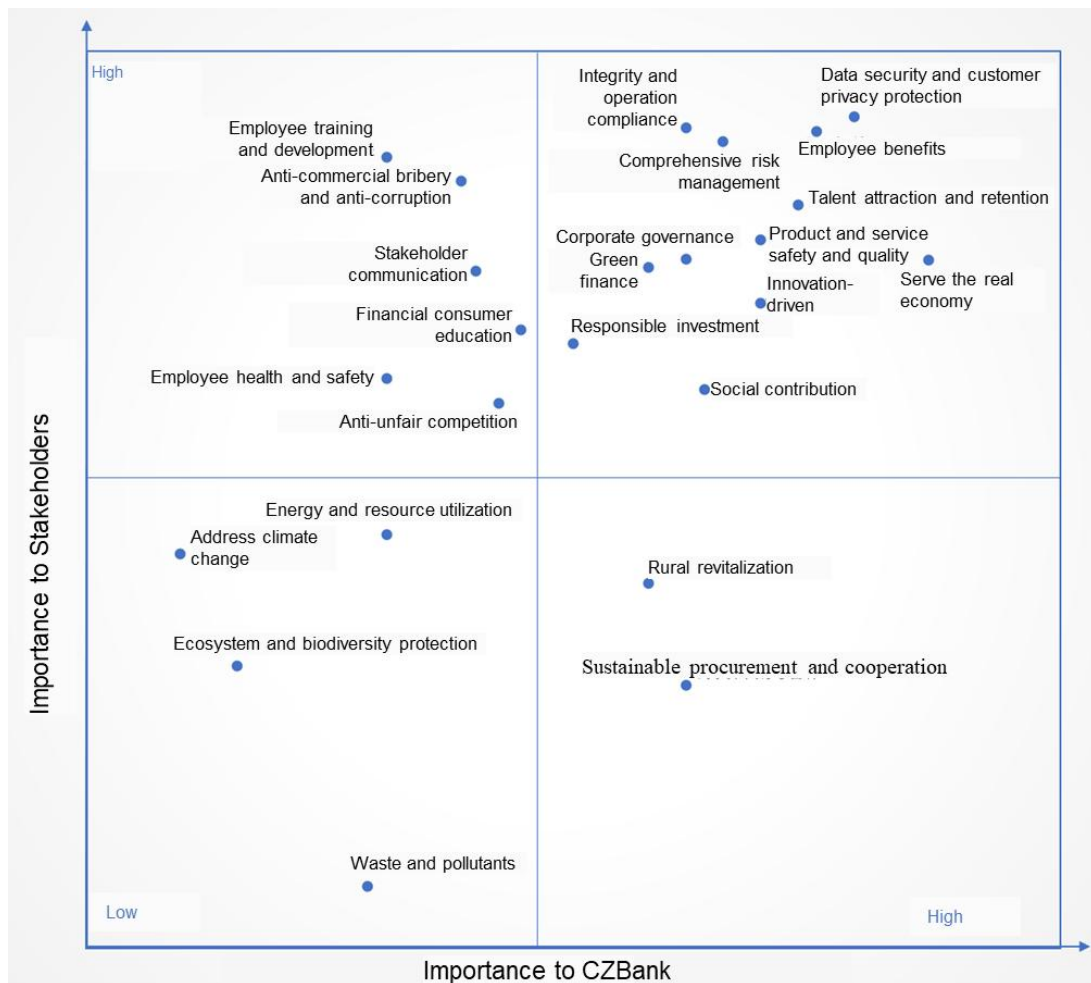


Figure: Importance matrix for CZBank

## V. 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	<ul style="list-style-type: none"> <li>• Serving the real economy</li> <li>• Integrity and compliance operations</li> <li>• Comprehensive risk management</li> <li>• Product and service safety and quality</li> <li>• Rural revitalization</li> <li>• Social contributions</li> <li>• Data security and customer privacy protection</li> </ul>	<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>• Conduct daily approval and supervision</li> <li>• Submit statistical reports</li> </ul>
Customers and consumers	<ul style="list-style-type: none"> <li>• Product and service safety and quality</li> <li>• Data security and customer privacy protection</li> <li>• Integrity and compliance operations</li> <li>• Investor education</li> <li>• Social contributions</li> </ul>	<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, TikTok and other platforms</li> </ul>

Shareholders and investors	<ul style="list-style-type: none"> <li>• Integrity and compliance operations</li> <li>• Comprehensive risk management</li> <li>• Increase return on investment</li> <li>• Increase company value</li> <li>• Standardize corporate governance</li> </ul>	<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 mailbox</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Create a healthy and safe working environment</li> <li>• Protect employee rights and interests</li> <li>• Enhance employee development and training</li> <li>• Talent attraction and retention</li> <li>• Ensure employee benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Workers' Congress</li> <li>• Employee cultural, sports and health activities</li> <li>• Complaint and whistleblowing mechanism</li> <li>• "Hive" community</li> </ul>
Suppliers and partners	<ul style="list-style-type: none"> <li>• Expand cooperation channels</li> <li>• Promote fair and equitable procurement</li> <li>• Perform agreements with integrity</li> <li>• Promote business ethics and anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperation and exchange</li> <li>• Bidding activities</li> <li>• Supplier research and visits</li> </ul>
Communities	<ul style="list-style-type: none"> <li>• Develop inclusive finance</li> <li>• Help rural revitalization</li> <li>• Support charity</li> <li>• Adhere to targeted assistance</li> <li>• Deliver volunteer services</li> </ul>	<ul style="list-style-type: none"> <li>• "One Bank for One School" program</li> <li>• East-West Collaboration Program, "Thousands of Enterprises Joining Hands with Thousands of Villages for Poverty Eradication" Campaign, etc.</li> <li>• Employee volunteering activities</li> <li>• Community service activities</li> </ul>

## Focus: Practicing Ethics Finance to Build 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. We continue to promote innovation in "ethics finance", adhere to the function-first principle in delivering financial services, embed "ethics" as a gene into financial service scenarios, and actively explore a new paradigm of finance with Chinese characteristics.

### I. Promoting the Financial consulting System for Social Benefits

As the chairman unit of the Financial Services Committee (FSC), CZBank actively serves the local governments through exploring and implementing the financial consulting system to deliver on social values. Through six years of effort, we have accumulated experience in seeking financial supply side structural reform, which has been promoted among 16 provinces and cities, including Beijing, Shanghai, Sichuan and Gansu.

As of the end of 2024, the Bank had established a financial consulting team of more than 4,200 people with 125 FSC members, set up 235 financial consulting studios, served 103,300 enterprises, and facilitated financing of RMB1,087.8 billion.



Figure: The Bank leading efforts to launch a special action in autumn to deliver financial consulting services across Zhejiang province under the theme of "introducing new policies to drive development"

#### **Case: Financial consultants tailored a cross-border financial service solution to enable financial connectivity**

H is a leading enterprise in the semiconductor industry invested by Taiwanese merchants, but its subsidiaries in other regions encountered problems such as financing and communication difficulties when accessing financial services. In 2024, the person in charge of the financial consulting studio of Shanghai Kunshan High-tech Zone learned about the difficulties and pain points when visiting the enterprise, and took the initiative to connect CZBank's Shanghai Free Trade Zone branch and Suzhou branch to jointly help the enterprise open its FT and NRA accounts for its Hong Kong subsidiary, thereby enabling the subsidiary to do business in the Chinese mainland. The person in charge also organized financial consultants to visit the enterprise and explain the flow, advantages and disadvantages of the accounts. They also provided a variety of international product solutions to enable the enterprise to accurately manage their financing costs under exchange rate fluctuations, and facilitate their global



capital operations and risk management.



Figure: Financial consultants from the financial consulting studio of Shanghai Kunshan High-tech Zone visiting the enterprise

**Case: Our financial consulting service team offered "financial support + legal aid" help an enterprise address problems**

A biotechnology enterprise in Zhejiang specializes in the harmless treatment and resource utilization of special biological wastes. In response to the challenges faced by enterprise in the construction of their governance mechanism and financial system, our Huzhou branch worked with Huzhou Lawyers Association to set up a financial consulting service team to visit the enterprise several times, helping it optimize the collection and transportation process, upgrade the management system, standardize management of collection and transportation documents, and improve business transparency. At the same time, according to the contract, bill of lading, invoice and other vouchers between the enterprise and collection and transportation service providers, the financial consultants designed supply chain financial services, coordinated with the Bank to provide RMB20 million of credit to the enterprise, customized the loan term and interest rate, thereby helping it obtain financial support at a low cost.



Figure: Financial consultant visiting the enterprise in Huzhou

## II. Exploring Intra-county Comprehensive Financial Ecological Construction and Pursuing Service Excellence

Since 2022, FSC and Linping District of Hangzhou city have jointly carried out the "Comprehensive Financial Service Demonstration Zone" pilot project to build a business model for a county-level comprehensive financial ecosystem, with an aim to bridge the “last mile” gap of finance and promote financial development with Chinese characteristics in Zhejiang province. After two years of exploration, a county-level comprehensive financial ecosystem construction approach has been formed with the related "3386 model" and index as the core.

As of the end of 2024, the county-level comprehensive financial ecosystem construction model had been promoted in 74 districts and counties (39 in Zhejiang and 35 outside of Zhenjiang) across 22 provinces and 42 prefectures and cities across China.

**Case: We leveraged the "Secretary stationed in village + Financial adviser" mode to drive rural revitalization**

In response to the requirements of the Zhejiang Provincial Party Committee and Zhejiang provincial government, CZBank stationed a secretary in Xijia village, Longyou county, Quzhou city, to enhance the Party’s leadership in grass-roots financial activities. We set up a financial consulting studio for comprehensive financial ecosystem construction in Xijia Village. The secretary worked with financial advisers to understand the needs of the village and its residents and help drive industrial upgrading, improve the livelihood at the village and promote inclusive finance, exploring a unique path of sustainable development. At the same time, the Bank carried out Party building activities with the village, and signed an agreement to jointly drive Party building efforts. In order to improve rural governance and promote charitable trust projects, Xijia Village signed a letter of intent with charitable enterprises.

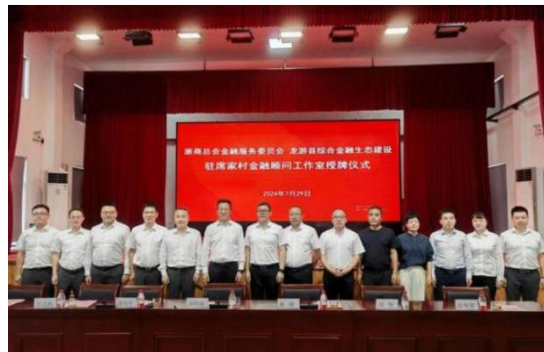


Figure: Inauguration of the financial consulting studio at Xijia village

### **III. Implementing the Goodwill Credit Project and Promoting Compliance among Customers**

CZBank implements the “Goodwill Credit” project, guided by the concept of financial services for good, adheres to the orientation of "goodness", strengthens the empowerment of "digital intelligence", deepens the application of the “CZBank Ethics Standard”, promotes the integration of social value assessment into the credit risk control logic, builds a companion credit model covering the whole business process, the whole life cycle of customers and specific scenarios, and builds and improves the credit policy and business policy support system and risk prevention and restraint system, so as to help promote the common high-quality development of banks, customers and society.

“CZBank Ethics Standard” is an important carrier of the “Goodwill Credit” project, and it is a set of customer evaluation system built by CZBank that advocates and promotes goodness. The system explores embedding the gene of goodness into the financial service scenario, integrates the Chinese ESG concept into the core business operation, guides resources to favor ethical customers, and pays more attention to the quantifiable and measurable social value analysis of customer business behavior.

As of the end of 2024, the "CZBank Ethics Standard" system had served around 100,000 first-class customers.

CZBank Ethics Standard — Content
<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>
CZBank Ethics Standard — Compositions
<ul style="list-style-type: none"> <li><b>Evaluation System:</b> The system offers two distinctive versions for corporations and individuals. The corporation 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 financial service mechanism to encourage the allocation of financial services resources towards customers with higher ethical ratings.</li> </ul>





Figure: “CZBank Ethics Standard” system

#### Case: CZBank helped a farming entrepreneur in according with the CZBank Ethics Standard

Ms. Wang's family farm in Huzhou, Zhejiang, had been operating for 20 years to promote the rice-fishery symbiosis model through partnership with dozens of women and more than 100 families with a total area of more than 10,000 mu. As the poverty alleviation base for the disabled in Anji county, the farm employed 6 disabled people directly and 10 disabled people indirectly. As the end of the year approaches, the farm planned to renovate the fish pond and strengthen the fence, but faced financial difficulties. After learning about the difficulties during “Large-scale Visit to Enterprises and Households” activities, the Bank quickly provided door-to-door services. Given that Ms. Wang met the first level of the "CZBank Ethics Standard", we quickly approved through a green channel credit loans to her at a preferential interest rate, so as to help the farm create greater social value.



Figure: Financial consultants delivering door-to-door services for the enterprise meeting the first level of the "CZBank Ethics Standard"

## IV. Implementing the “Charitable Trust” Program to Use Capital to Deliver Social Value

CZBank actively promotes charitable trust projects, cooperates with professional institutions to jointly build a social value creation ecosystem integrating charity, finance, law, fiscal and tax services, and provides entrepreneurs with a comprehensive process empowerment solution covering charitable trust establishment, charitable project

implementation, charitable tax planning, charitable property value preservation and appreciation, and social influence shaping, so as to enable entrepreneurs to participate in philanthropy in multiple areas.

As of the end of 2024, the Bank had registered 96 charitable trust projects, with a total trust amount of more than RMB37.89 million. The number of registered charitable trust projects accounted for 17.81% of the new charitable trust projects registered in the same period across China. In 2024, our charitable trust program was the first to be included in the "Innovative Charity Trust Cases" of Hangzhou, and was rated as "China's Family Inheritance Service Innovation Case" by China Charity Federation.

#### **Case: Charity trust offered aid to families in need**

In May 2024, CZBank's Hangzhou branch joined hands with a Zhejiang pharmaceutical technology company specializing in the research and development of innovative drugs to establish the first charitable trust of RMB200,000 in Linping Financial Service Demonstration Zone, with Zhejin Trust as the trustee and CZBank as the custodian. According to the wishes of the donor, the trust aims to help the people in Linping District who face difficulties in paying medical bills even with medical insurance and government subsidies, and offer medical assistance to eligible patients. The use of trust held assets is subject to the supervision of Hangzhou Healthcare Security Bureau's Linping office, Linping Charity Federation and other departments and professional institutions.



Figure: Charitable trust donating funds to families in financial difficulties due to serious diseases

## **V. Creating the “Accountability for Good” Brand and Promoting a Charitable Corporate Culture**

CZBank encourages employees to participate in voluntary activities, striving to make employee participation an important feature in practicing and demonstrating "ethics finance". This aims to enable employees to participate in, benefit from and promote our charity culture. As of the end of 2024, we had set up 31 charity studios, carried out more than 600 youth volunteer service activities participated by over 3,900 volunteers to benefit 28,000 people.





Figure: The Bank explored volunteer services through a financial consulting team and a financial service system with unique characteristics . "financial adviser" volunteer service brand received the provincial demonstration brand award in 2024 from the Social Work Department of Zhejiang Provincial Party Committee.

**Case: “Voluntary Service Pioneers” public welfare activity**

During the “Finance for Public Welfare’ Voluntary Service Pioneers” activity, youth volunteers from CZBank's Hefei branch visited Baohe District Chunya Children Development Center with Hefei Chunya Mutual Aid Association for Disabled People to extend love and care to autistic children. They made hand-painted kites with the children, promoted financial knowledge such as telecom fraud prevention among the parents, and gifted daily supplies such as rice and cooking oil.



Figure: Hefei branch carrying out voluntary activities for public welfare



Figure: Volunteers from Huzhou branch delivering heatstroke prevention products to outdoor workers



Figure: Volunteers from Nanchang branch visiting a nursing home to extend love and care to the elderly



Figure: Volunteers from Wenzhou branch delivering a "Disease Knowledge Publicity" lecture to students



Figure: Hangzhou branch signing a "Charitable Trust" with a primary school in Dashu town, Chun'an county



Figure: Volunteers from Nanning branch presenting gifts for students on Children's Day



Figure: Taizhou branch holding anti-fraud Q&A using interesting questions

# **Chapter I Governance: Implementing Our “First-Class Bank” Vision**

## **I. Adhering to the Overall Leadership of the Party**

CZBank's Party Committee deeply learns and understands the spirit of the Third Plenary Session of the 20th CPC Central Committee and other important conferences, continues promoting comprehensive and strict Party governance, embeds the Party's leadership in enterprise development, and follows the Party's leadership when seeking bank-wide development.

### **(I) Strengthening the Overall Leadership of the Party**

CZBank firmly implements the spirit of Comrade Xi Jinping's important instructions made when he was working in Zhejiang as a cornerstone for development, and take concrete actions to advocate the "Two Establishes" and "Two Upholds". In order to strengthen the integration of the Party's leadership in business management, we introduced 24 measures to further facilitate the Party Committee's overall leadership over business management in five aspects, and revised the "Three Important and One Major" decision-making system to effectively enable the Party to play its role in steering the direction, managing the overall situation, and ensuring implementation.

We conscientiously implement the spirit of the Third Plenary Session of the 20th CPC Central Committee and the Plenary Session of the Provincial Party Committee, and have carried out related centralized training. We strictly implement the "first topic" system, and have established a "5+2" learning mechanism and organized study of 56 topics. The central groups for theoretical learning of Party committees at all levels organized 77 reading classes on special topics. Our Party committee leaders conducted research, provided guidance, and participated in learning activities at Party branches 445 times, and our grass-roots Party branches carried out 2,246 study sessions on special topics.

### **(II) Consolidating Party Building at Grassroots Level**

The Bank continues to consolidate and expand our fruitful efforts to create a "Financial Enterprise Party Building Model", and has formed a "6620" working system based on our abundant working experience. We held regional Party building meetings, organized many activities such as the "Advancing with a Grateful Heart in July" event, the "Hong Dong Zhe Yin" Party building brand unveiling ceremony, the collective political birthday ceremony, and the review of Party oath, and vigorously promoted the high-quality programs of strengthening the foundation of Party building, stepped up digital and intelligent development efforts to create a Party building mechanism featuring digital empowerment and refined management. In addition, the Bank conducted demonstration and training on Party spirit cultivation, training on strengthening the foundation of Party building, and centralized training for the Head Office's major Party affairs handlers, so as to improve the abilities of handling Party affairs at grassroots level, and effectively ease the burden on grassroots workers, and enable frontline personnel to better drive development.

### **(III) Arranging Party Discipline Learning and Education**

Following the requirements of the central and provincial Party committees, CZBank's Party Committee coordinates and promotes the "Five Special Actions" to learn, understand, clarify, observe, and enforce discipline, and continues to improve the political atmosphere epitomizing “positivity, simplicity, professionalism, coordination, and integrity”,



thereby implementing rules and guardrails. In 2024, our Party secretaries at all levels delivered 65 Party discipline courses, and branch secretaries of Party committees delivered 617 Party discipline courses. The Bank conducted 327 individual and collective conversations, arranged 440 awareness raising activities and paid 278 visits to integrity education bases.

#### **(IV) Enhancing the Development of Cadres and Talents**

CZBank's Party Committee adheres to the principle of following the Party's leadership in cadre and talent management, thoroughly implements the Party's organizational line and cadre work policies in the new era, deeply implements the three major projects of "Developing Talents in CZBank", "Attracting Talents to CZBank", and "Retaining Talents at CZBank", and continues to systematically reshape the organizational personnel structure by selecting and designating outstanding leaders at all levels, identifying and using young cadres, and strengthening supervision and management of cadres. In 2024, the Bank selected 42 outstanding young cadres through internal open recruitment, so as to provide a organizational structure and talent pool needed to implement the Bank's strategy and achieve its goals.

## **II. Comprehensively Optimizing 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 General Meeting of Shareholders, 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.

### **(I) Board Composition**

We have formulated the CZBank Board Diversity Policy to ensure comprehensive consideration of prospective director candidates' 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 such as economics, finance, securities, accounting and law. When selecting independent non-executive directors, both the nominees and candidates issue declarations concerning their independence, guaranteeing that in no way have they been deemed non-independent by laws, regulations, regulatory organizations, or exchanges. In addition, 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 performance 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 2024, the Board of Directors consisted of 12 directors, of which 3 were executive directors, 4 were non-executive directors, and 5 were independent non-executive directors, with 1 female member; 11 held graduate degrees or higher, including 4 with PhDs.

## **(II) Board Efficiency**

The Board of Directors is accountable to the General Meeting of Shareholders 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 General Meeting of Shareholders, and can be dismissed before the expiration of their three year term by the General Meeting of Shareholders. As of the end of 2024, all board members were elected by the General Meeting of Shareholders following legal procedures.

## **(III) Director Performance Assessment**

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 assessment of directors' annual performance, which are then reported to the General Meeting of Shareholders. 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 related-party transactions, use of raised funds, and commitments and implementation by significant shareholders.

## **(IV) 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 special training on the system of independent directors of listed companies organized by CSRC, and special training on ESG and anti-money laundering organized by our Bank, among other training sessions.

For details of the Bank's corporate governance, please refer to the relevant chapters such as "Corporate Governance" in our *2024 Annual Report*.

## **III. Insisting on Integrity and Compliance Operations**

CZBank attaches great importance to integrity and compliance operations, strictly abides by laws and regulations, and continues to strengthen employee behavior management, enhance the integrity culture, resolutely eradicate corruption, actively implement anti-money laundering and counter-terrorist financing measures, and eliminate unfair competition. All these efforts aim to lay a solid foundation for sustainable development.

## **(I) Employee Behavior Management**

### **1. Refining the Code of Conduct**

We've formulated the Measures of CZBank for Handling Employee Violations, the CZBank Prohibition Clauses for Employees, and the Measures of CZBank for the Management of Internal Control Violations. These regulations clarify the accountability mechanism, enhance accountability management, 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.

### **2. Cultivating a Compliance Culture**

Upholding the principle of "Prioritizing Internal Control and Compliance", the Bank carries out regular "Compliance Image Enhancement Year" activities, arranges "weekly compliance quizzes" activities and circulates typical cases to help employee understand and comply with the Bank's compliance requirements. We implement the bank-wide compliance commitment mechanism and firmly seek accountability among owners and leaders of institutions at all levels. We maintain "Compliance in CZBank", implement our "Eighth Five-Year Plan" on legal publicity and education, and set up a platform for monthly legal compliance communication to raise employees' awareness of compliance. We also share compliance cases for all employees to learn lessons and to encourage them to observe rules and codes of ethics. By communicating with employees irregularly, enhancing the publicity and implementation of our corporate culture, sharing negative cases to keep them alerted, and delivering policy lectures, we endeavor to promote our internal control culture, build risk awareness and ensure professional ethics.

### **3. Regulating Key Areas**

We continue to improve supervision and management of the performance of important posts in accordance with China's laws and regulations and regulatory norms. Targeting high-risk and abnormal behaviors of all employees in areas such as gang activities, illegal banks, and corruption, we carried out two special management campaigns in the year, and urged tracking and rectification of the problems found.

### **4. Strengthening Supervision and Discipline Enforcement**

The Bank intensively enhances supervision and discipline enforcement and continuously release a clear signal of overall strict regulation. Through comprehensive study, judgment and analysis of employees' violations of discipline rules and laws, we have learned profound lessons. We continue to pursue full coverage of anti-corruption efforts without blind spots and tolerance, and ensure that every corruption case is handled and punished and every clue is accurately investigated and handled, so as to maintain strong deterrence. In 2024, we carried out 13 special rectification actions including "strictly managing bank-enterprise relationship" and "strictly ensure ethical compliance". In order to address issues in high-risk areas such as procurement, we also issued the *Opinions on Strengthening the Supervision of the Entire Centralized Procurement Process*, organized special centralized procurement inspection, and strengthened the supervision of the entire process.

## **(II) Integrity and Anti-corruption**

CZBank insists on creating a clean business ecosystem and enhancing anti-corruption guardrails. Each year, we determine Party conduct and clean governance and anti-corruption priorities, and promote "three anti-corruption efforts" at the same time to make comprehensive achievements.

### **1. Stringently Seeking Accountability**

The Bank formulated a list of responsibilities of the Party committee members for comprehensively enforcing full and strict governance over the Party, and carried out self-evaluation and self-examination of the political environment and inspection of the main bodies responsible for full and strict governance over the Party, ensuring rectification based on the feedback from the related random surveys in the previous year. In 2024, we signed a total of 1,498 letters of responsibility for Party conduct and clean governance at all levels, issued 92 clean governance opinions on 1,587 employees and conducted 4 clean governance assessments.

### **2. Actively Carrying Out Warning Education**

The Bank organized all employees to study the newly revised *Regulations on Disciplinary Actions by the Communist Party of the People's Republic of China*, arranged various forms of warning education, updated our courses on Party conduct and clean governance, and delivered online training to 8,235 attendees. By circulating the *CZBank's Selected Rule and Regulation Violation Cases for Warning Education*, we help cadres and ordinary employees learn from cases happening around them, so as to raise their compliance awareness, achieve deterrence, and encourage them to cherish their jobs.

### **3. Creating a Clean Workplace**

The Bank continued to drive the cultivation of benchmark outlets in five anti-corruption areas, fulfill its anti-corruption commitment, and update the letter of anti-corruption commitment of employees, 21713 copies of which were signed by all employees. Such activities to engage and supervise the entire workforce have helped safeguard our anti-corruption bottom line and make clean conduct our fundamental trait. In 2024, we promoted the "Clean CZBank" program by arranging the secretaries of Party organizations at grassroots level to deliver 740 related courses across the bank and organizing 229 clean CZBank training sessions for more than 26,000 attendees. We also arranged the "Clean Financial Culture Construction Publicity Month" activity and actively performed "Clean Image Index" evaluation, covering 7,941 employees and 4,698 customers.

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

CZBank is fully committed to adhering to all anti-money laundering laws, regulations, and regulatory requirements. We have formulated the *Measures of CZBank for the Management of Anti-Money Laundering and Counter-Terrorist Financing*, and 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.

During the reporting period, the Bank formulated (revised) the *Measures for Risk Assessment and Classification Management of Money Laundering and Terrorist Financing by Customers of CZBank (2024)* and other policies; organized self-assessment of money laundering risks, and optimized the anti-money laundering mechanism; strengthened management customers' money laundering risks and improved the effectiveness of customer identification; properly monitored and reported large transactions and suspicious transactions, and improved the monitoring model of suspicious transactions; developed and launched a next-generation anti-money laundering system, launched and strengthened a due diligence platform, and improve the level of digitalization; built an anti-money laundering data mart, deepened anti-money laundering data governance, and consolidated the foundation of anti-money laundering management.

The Bank delivered differentiated anti-money laundering training by layer, including offering anti-money laundering training to directors, supervisors and senior executives, and special training titled "Analysis of Domestic and Foreign Regulatory Punishment Cases and Key Interpretations of the New Anti-money Laundering Law" to all directors, supervisors and senior executives, main persons in charge of various departments of the Head Office, members of the leadership of branches and subsidiaries, as well as anti-money laundering personnel. We organized training on suspicious transaction dynamics and typical cases and online seminar on suspicious transaction monitoring and analysis, arranged special self-assessment training sessions in line with self-assessment efforts, continued to carry out "One Class Every Two Weeks" anti-money laundering training, organized participation in external training sessions held by China Center for Financial Training and other organizations, deeply cultivated the "risk-based" anti-money laundering concept, and effectively drew attention of directors, supervisors, senior managers and leaders at all levels to anti-money laundering efforts and consolidated the "three lines of defense".

#### **(IV) 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 unfair competition behavior.

#### **(V) 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. As of the end of 2024, the Bank had successfully registered 526 trademarks, including 450 domestic trademarks and 76 overseas trademarks.

#### **(VI) Tax Practices**

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, including the *CZBank Tax Management Measures (2017)* and *Detailed Implementation Rules for CZBank Tax Management (2022)*, 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.

## IV. Deepening Comprehensive Risk Management

CZBank regards risk management as the core component of business operation, and has established a comprehensive and efficient risk management framework and continuously improved the "three lines of defense" system of risk management to effectively identify, assess, monitor and control various risks and ensure its sustainable and healthy development.

### (I) Risk Management 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 Party Transaction 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, Financial Asset Risk Classification Review Committee, Business Continuity Management Committee, and other deliberative bodies. Our risk management function is structurally independent of business operations.

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, liquidity 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.

### (II) Managing Emerging Risks

The Bank pays great attention to the challenges and impacts of potential risks on enterprises, identifies emerging risks and actively take countermeasures.

Risk Category	Risk Description	Countermeasure
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Risk of industry change caused by technological revolution	The major breakthrough and wide application of emerging technologies, artificial intelligence in particular, are gradually reshaping productivity and production relations. The continuous penetration of new technologies into various industries has triggered profound changes in the industrial structure and competition landscape. Some traditional industries are facing recession, emerging industries are rising rapidly, and the core competitive advantages of some industries will change significantly. In this context, banks need to proactively assess the impact of new technologies on industries and enterprises, and adjust the logic of credit and risk assessment in a timely manner.	The Bank will strengthen research on the application prospects of emerging technologies such as artificial intelligence in emerging industries, pillar industries of the national economy, and key invested industries, and analyze the direction of industry change caused by new technologies and their impact on credit business.
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### (III) Driving 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.

#### 1. Assessing Risk Management Performance

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, and basic risk management. The results are utilized in comprehensive performance assessments, differentiated credit authorization, excellent employee selection, and management performance assessment at branch level.

CZBank regularly enhances risk management and risk awareness through training and other interventions. We prepare 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.

#### 2. Proactively Reporting Potential Risks

We motivate employees to actively identify and report potential risks, and have established the *Measures of CZBank for the Management of Internal Control Violations*. 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.

#### 3. Assessing Product and Service Risks

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* 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.

## V. Governance Performance

### (I) Corporate Governance

Indicator	Unit	2024	2023	2022
Total number of board members	No.	12	14	13
Number of executive directors	No.	3	4	3
Number of independent directors	No.	5	5	5
Number of non executive directors	No.	4	5	5
Number of female directors	No.	1	2	2
Number of non-executive directors with industry experience	No.	5	4	4
Average tenure of board members	Years	3.83	5.93	5.85
Number of board meetings	No.	14	11	14
Average board meeting attendance	%	95.88	94.32	99.45
Minimum attendance requirements for board meetings	%	50	50	50
Number of ESG related issues reviewed by the Board	No.	8	7	6
Number of training sessions	No.	4	3	3
Number of shareholders' meetings <sup>5</sup>	No.	2	2	5

### (II) Risk Management

Indicator	Unit	2024	2023	2022
Number of risk management training sessions	No.	29	34	28
Number of participants in risk management training	No.	About 6,000	About 6,000	About 5,000

### (III) Internal Audit

Indicator	Unit	2024	2023	2022
Number of internal audit projects	No.	468	591	539
Number of information technology projects and	No.	18	17	23

<sup>5</sup> Including annual general meeting and extraordinary general meeting



related audit projects				
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**(IV) Business Ethics and Anti-Corruption**

<b>Indicator</b>	<b>Unit</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Number of anti-corruption and integrity training sessions	No.	754	217	208
Anti-corruption and integrity training coverage	No.	87,772	46,856	46,659
Number of pre appointment integrity interviews with management personnel	No.	1,890	790	804

## **Chapter II Economy: Advancing Economic Progress and Improving People's Living Standards**

Finance is a pillar of the national economy. CZBank adheres to the fundamental purpose of serving the real economy as a financial services provider, supports high-level opening up, improves the efficiency of resource allocation, accurately and efficiently supports scientific and technological innovation, facilitates rural revitalization, elderly care services and other areas of people's livelihood, and enable high-quality business development through services for the real economy.

### **I. Facilitating the Construction of Zhejiang Common Prosperity Demonstration Zone**

Common prosperity serves as the fundamental requirement of socialism, and represents a historic mission in the new era. As Zhejiang's sole national joint-stock commercial bank, CZBank conscientiously undertakes its responsibilities to proactively support Zhejiang's major projects and demonstration zone that promotes shared prosperity.

#### **(I) Strengthening Support for Major Projects**

The Bank continues to increase its support for major projects under the "One Trillion for 1,000 Key Projects" program, formulate policies on priority allocation of business resources, put in place approval green channels, project price subsidies and other policies for major projects of Zhejiang, and launch targeted credit products such as early-stage loans for projects, loans for technological transformation projects, and loans for equipment procurement, so as to support the implementation of major projects in the province. As of the end of 2024, the Bank had served 1,432 customers engaging in the major projects of Zhejiang province, including key construction projects, major manufacturing projects, "One Trillion for 1,000 Key Projects" and "One Hundred Billion for Technological Reforms" projects, with a financing balance of RMB92.1 billion.

#### **(II) Making Every Effort to Underwrite Zhejiang's Local Government Bonds**

The Bank offers favorable policies to fully underwrite of the local government bonds of Zhejiang province. As of the end of 2024, the Bank had underwritten RMB40.3 billion of local government bonds of Zhejiang province, the highest among all underwriting banks. Since the implementation of the "Depending Zhejiang Development" strategic priority in 2022, We have underwritten a total of RMB100 billion local government bonds of the province.

#### **(III) Facilitating the Development of Private Enterprises**

The Bank continuously increases its financial support for private enterprises to fuel their innovation and development. As of the end of 2024, CZBank's balance of loans to private enterprises in Zhejiang reached RMB316.202 billion and the balance of private enterprise credit loans was RMB53.312 billion, accounting for 40% of the total enterprise credit loans. The number of private enterprise loan customers in the province reached 580,800.

The Bank and Zhejiang Provincial Market Supervision Bureau has deepened the general bank-government cooperation, carried out special actions to financially aid the development of self-employed businesses, and created

online credit products of “Zhe Ge Hao • Shu Yi Dai” for owners of self-employed businesses. We have organized offline training titled "Lecture for Merchants in Zhejiang" jointly with the bureau, which serves as a comprehensive service channel to promote financing, tax, law, intellectual property and anti-fraud knowledge among small and micro enterprises in the province. In 2024, CZBank lent RMB28.3 billion to more than 15,400 self-employed businesses in the province, with cumulative accounts, resulting in the employment of more than 30,000 people.



Figure: The Bank helping self-employed workers in Zhejiang improve their occupational skills

<p><b>Case: Helping a pharmaceutical enterprise turn their "soft power" of technology into a "hard currency" when seeking financial support</b></p> <p>In July 2024, Kanglin Biotec (Hangzhou) Co., Ltd. received a silk banner saying "Innovation Gives New Life and Thank You Medical Pioneer". It was signed by 13 children carrying the thalassemia gene to extend their gratitude to the company for its innovative gene therapy drug that has cured them.</p> <p>Since we established a business tie with Kanglin Biotec in 2019, we have been supporting their growth by offering various products and services ranging from "Talent Loan" to comprehensive credit services. In recent years, the research and development achievements of Kanglin Biotec have been gradually bearing fruit, and it has been rated as a national "Specialized, Refinement, Differential, Innovation" enterprise and qualified by the Department of Science and Technology of Zhejiang Province for its "Pioneer+X" research and development program. In order to drive the further development of the company, the Bank has also provided RMB30 million of "Specialized, Refinement, Differential, Innovation" loan.</p> <div></div> <p>Figure: The Bank's financial advisers providing on-site services to Kanglin Biotec</p> <p><b>Case: Helping a self-employed business to realize “credit Monetization”</b></p>
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In Yongjia county, Wenzhou city, Mr. Wang, the owner of the “Xiao Wu” wheat cake shop , offered wheat cake making skills training for low-income peasants and disabled people. His trainees have opened wheat cake shops after training, creating many jobs for the local people. In order to ensure that the new stores can offer the same traditional flavor, Mr. Wang purchased and distributed raw materials centrally, which led to increased financial pressure. In response to the financing needs of small and micro enterprise entities like Mr. Wang, the Bank used its "Zhejiang Small and Mmicro Enterprise Credit Enhancement Service Platform” to innovate a new type of online credit loan called “Zhe Ge Hao • Shu Yi Dai” under the “Shu Yi Dai” category. After listening to the introduction of our financial consultant, Mr. Wang immediately applied for the loan online with his mobile phone, and an amount of RMB300,000 was granted after the preliminary review. He said that the approval process and speed were "really incredible".

As of the end of 2024, "Zhe Ge Hao • Shu Yi Dai" loans had been granted to the owners of nearly 3,200 self-employed businesses like Mr. Wang, providing nearly RMB2 billion to meet their financial needs.



Figure: Mr. Wang quickly applying for the receiving a "Zhe Ge Hao • Shu Yi Dai” loan

#### **(IV) Fueling the Development of Mountainous Areas and Islands**

The Bank focuses on improving its business presence in Zhejiang's mountainous and island counties. Over the past two years, we established six sub-branches in Chun'an, Changshan, Wencheng, Pan'an, Suichang, Songyang and other counties to effectively increase the accessibility of financial services. Considering unique local conditions, we have enriched financial tools for developing their pillar industries, and launched “Digital for Wealth” products targeting local agricultural specialties of mountainous counties such as Sanmen green crab, Longyou pig, and Chun'an tea. As of the end of 2024, the Bank's financial services for mountainous and island counties amounted to RMB85.5 billion, including RMB55.506 billion of loans, representing an year-on-year increase of 11.6%, and its balance of “Digital for Wealth” loans to mountainous counties exceeded RMB5.7 billion.

## **II. Improving Cross-Border Financial Services**

CZBank actively responded to the call of the state for promoting high-level financial opening up, and constantly drives the development of its international financial business. We make every effort to promote the internationalization of Renminbi, and provide high-quality cross-border financing services to support the high-quality development of foreign trade enterprises.

As of the end of 2024, the Bank had established business ties with more than 800 overseas banks worldwide, providing enterprises with collection and payment clearing services in more than 10 major currencies. We had also created the "Yongjin Global Exchange 2.0" brand to help enterprises handle cross-border payment and collection business in more than 100 minor currencies. Leveraging our global account settlement service system, we had reached an international settlement service volume of USD491.7 billion.

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

The Bank actively responds to the "Belt and Road" initiative, constantly innovates comprehensive, customized cross-border financial services that cover the entire lifecycle of transactions, pays great attention to foreign investment, land leasing and tax policies of countries intensively engaging in the "Belt and Road" initiative, and gives full play to unique cross-border financial products, and have formulated the *"Belt and Road" Initiative Comprehensive Financial Services Manual*, so as to provide systematic guidance for enterprises going global.

The Bank carefully studies enterprises' various key business scenarios and pain points in cross-border operations and engages as early as the overseas direct investment (ODI) stage to support customers throughout their entire business lifecycle and help them explore the potential of their overseas business. In response to the financing needs of "Belt and Road" projects, we cooperate with China Export & Credit Insurance Corporation to provide medium and long-term export credit support, and promote "overseas L/C issuance + Resale through CZBank + Overseas buying", a forfaiting resale business, to help exporters access market funds, thereby effectively enabling Chinese enterprises to expand in emerging markets participating in the "Belt and Road" initiative.

### **Case: CZBank helped an equipment manufacturing enterprise go global**

Sany Heavy Equipment actively responds to and deeply engages in the "Belt and Road" initiative and pioneers overseas markets as a Chinese equipment manufacturing with a global vision. Its products have been sold to more than 50 countries and regions, helping them achieve prosperity. As Sany Heavy Equipment continues to vigorously explore overseas markets, it has higher requirements for improving the efficiency of financial services and reducing operating and management costs. In order to handle the accounts receivable of enterprises exporting to Southeast Asia and other countries under letters of credit, the Bank selected an overseas bank as the buying bank after rounds of inter-bank communication and quotation comparison to create the "online international forfaiting" business, so as to help enterprises "seamlessly" settle accounts receivable and facilitate the export of "Made in China" products.



Figure: Production at Sany Heavy Equipment

## (II) Accelerating Renminbi Internationalization

The Bank adheres to the philosophy of "prioritizing local currency business and exploring coordinated development of local and foreign currency businesses", vigorously develops cross-border Renminbi services, guides and encourages enterprises to choose cross-border Renminbi settlement, continuously increases the proportion of cross-border Renminbi payments in international payments, and expands the use of Renminbi in trade financing, direct investment and other fields. As of the end of 2024, the Bank had achieved the receipt and payment of RMB351 billion in cross-border Renminbi settlement, and qualified for directly using the Cross-border Interbank Payment System (CIPS). As the first corporate bank in Zhejiang with this qualification, we will make full use of this advantage to continue improving the cross-border Renminbi settlement system, actively accelerating Renminbi internationalization.

## (III) Innovating Cross-Border Financial Services

Using our Hong Kong branch and the sub-accounting unit of the Free Trade Zone as platforms, the Bank gives full play to digital intelligence empowerment to build a convenient comprehensive cross-border financial digital service network, through which it steadily promotes differentiated and feature international operations and business across the world, actively enables enterprises to participate in international trade and production capacity cooperation. In this way, we aim to build a financial service brand covering the entire lifecycle of cross-border business.

<p><b>Providing integrated liquidity support</b></p>	<ul style="list-style-type: none"> <li>• In response to liquidity service demands of customers engaging in foreign trade, the Bank accelerates liquidity service innovation. In 2024, we facilitated a total liquidity loan of RMB212.8 billion. Our "Financial Pool for Export" and "Cross-border Asset Pool" reached RMB23.5 billion in business volume, and offered RMB18.4 billion to address financing needs.</li> <li>• Based on big data, we have launched a series of proactive credit models to effectively solve the "financing difficulties" of small and medium-sized exporters. As of the end of 2024, we had granted loans totaling RMB16.3 billion to address the financing needs for 3,031 customers through these models.</li> </ul>
<p><b>One-stop</b></p>	<ul style="list-style-type: none"> <li>• In response to the cross-border financing needs of domestic and overseas enterprises,</li> </ul>

<b>commercial banking and investment banking services</b>	the Bank provides liquidity services for the production and operation of overseas subsidiaries of credible enterprise groups through cross-border guarantee products such as domestically guaranteed free trade loans and domestically guaranteed foreign loans. In 2024, the Bank provided cross-border guarantee services amounting to RMB25 billion. The amount of international investment banking business provided to domestic and overseas credible customers reached RMB33.2 billion.
<b>One-stop foreign exchange trading services</b>	<ul style="list-style-type: none"> <li>Regarding the needs of enterprises engaging in foreign trade and enterprises going global for exchange rate hedging, the Bank leverages "CZBank Exchange", "CZBank Global Trading" and other products to help enterprises carry out exchange rate management throughout the entire lifecycle of transactions. In 2024, our foreign exchange transactions with customers exceeded USD180.</li> <li>We leverage "CZBank FX Trading Platform", a one-stop online foreign exchange trading platform, to help enterprises simplify risk avoidance and improve the efficiency of risk avoidance. As of the end of 2024, more than 13,000 customers has signed up for "CZBank Global Trading". In 2024, it enabled customers to conduct online foreign exchange trading of over USD60 billion.</li> </ul>
<b>Special foreign trade services</b>	<ul style="list-style-type: none"> <li>We capitalize on our cross-border e-commerce collection service platform to provide customers with one-stop comprehensive services such as foreign currency collection, settlement, local and foreign currency withdrawal, and regulatory filing. The platform directly connects the Bank with shipping agencies to realize transmission of paperless business applications and commercial documents, enable enterprises to better utilize accounts receivable, and simplify the ocean freight payment procedure. In 2024, we provided international business services for shipping agencies amounting to USD2.5 billion, partnered payment platforms for foreign education to provide professional services to nearly 100,000 students studying abroad.</li> </ul>

### III. Activating Technological Innovation

In boosting new quality productive forces, CZBank provides comprehensive technology finance services to support related development, continuously strengthens policy and resource support, and constantly steps up efforts to facilitate key sectors through technology finance, so as to drives innovation and development.

#### (I) Technology Finance

The Bank has launched 30 special product systems targeting 15 technology finance scenarios, created the technological innovation score loan and the talent bank scoring card mechanism, practiced the "new model of comprehensive financial consulting services for technological innovation enterprises", and established a digital evaluation model for technology enterprises. We focus on "supporting start-ups, supporting small enterprises, and supporting competitive technology" through the talent bank service, form a distinctive "talent bank-based technology

finance service system", and offer comprehensive financial services that cover lifecycles, business chains, and all related aspects to support, connect, and accelerate technological enterprises.

As of the end of 2024, CZBank had served 30,712 technological enterprises, providing RMB367.4 billion to address their financing needs, and had provided 3,925 high-level talents with RMB34.5 billion of fund.



Figure: “Economy Time” of CCTV reporting CZBank’s technology finance efforts (Scan the QR code to watch CCTV reporting.)

**Case: Green energy storage for a better future - supporting the construction of a new energy system**

Cosin Solar Technology Co., Ltd. specializes in technical research, equipment development and engineering application in the tower solar thermal power generation and molten salt energy storage sectors, and is the only provider of technology and equipment of solar thermal collection systems for tower solar thermal power plants with a installed capacity of more than 1GW around the world. As orders continued to grow, its demand for issuing performance guarantees to downstream customers increased rapidly. The Bank quickly responded by providing a line of credit of RMB200 million and issuing performance guarantees amounting to nearly RMB80 million, effectively delivering financial support for the construction of its major projects.

A photograph of a large-scale solar thermal power plant. In the center, a tall, white cylindrical receiver tower stands prominently, emitting a bright light. Surrounding the tower are thousands of smaller, flat solar collectors (heliostats) arranged in concentric circular patterns on a vast, arid landscape. In the background, there are low mountains under a clear blue sky.

Figure: Overview of tower molten salt energy storage and solar thermal project constructed by Cosin Solar

**Case: Leveraging "talent loan" to help a start-up seek development**

Founded in 2017, Deep Robotics is a national high-tech enterprise focusing on the R&D, production, sales and service of humanoid robots, quadruped robots and related core parts. Its in-house developed robot products feature global leading performance and are widely used in energy, emergency, industry, education and other fields. The Bank keeps an eye on technology enterprises, and has launched China's first "talent bank" financial service brand



and provided "talent loan" products. Start-ups can apply for a loan of up to RMB30 million by virtue of talent certificates, business plans, etc. As of the end of 2024, we had provided a total line of credit of RMB10 million for enterprises through the talent bank service, and assisted enterprises in technological innovation and business expansion with comprehensive services such as finance assets pool.



Figure: Intelligent robot products developed by Deep Robotics

#### **Case: Offering comprehensive financial services to biomedical enterprises**

In November 2024, CZBank's Suzhou branch and Suzhou Industrial Park Biological Industry Development Co., Ltd. jointly held the "Technological Innovation Financing for Biomedical Industry" event, a summit on supporting the high-quality development of the biomedical industry through ethics finance. More than 100 representatives from governments, enterprises, and financial institutions attended the event. At the summit, Suzhou branch signed a strategic agreement of with the industrial park to provide a line of credit of RMB50 billion in the next three years to support the development of biomedical enterprises. At the same time, we signed contracts with 12 enterprises to provide comprehensive services such as financing, settlement and wealth management. As of the end of 2024, the Bank had served nearly 1,700 biomedical enterprises with a financing balance of RMB16.5 billion.



Figure: Scene of the "Technological Innovation Financing for Biomedical Industry" event, a summit on supporting the high-quality development of the biomedical industry through ethics finance

## **(II) Supply Chain Finance**

The Bank leverages digital technology to continuously upgrade its supply chain finance services. application", and has created an "Industry + Integration" supply chain finance service model and built a "integrated supply chain finance service application approach" covering major business scenarios to promote the digitalization and high-quality development of the industry.

In 2024, the Bank integrated multiple data resources create a digital ecosystem, which connects with the systems of more than 1,000 core enterprises and serves nearly 30,000 supply chain customers. As of the end of 2024, the Bank's supply chain finance had offered more than RMB700 billion of fund to over 70,000 upstream and downstream customers, some 80% of which were small and micro enterprises.

<p><b>Case: Enabling the advanced manufacturing industry through supply chain finance</b></p> <p>CZBank pays great attention to the "415X" advanced manufacturing cluster and iconic industrial chains, bridges industrial chain financing gaps with supply chain finance that targets leading industrial players, optimizes digital financial service capabilities, and improves efficiency, so as to accelerate high-quality development of the advanced manufacturing industrial chain. For example, in continuing to optimize the automotive supply chain service mode, we cooperated with JL Group to develop a service process completely accessible online, which reduced the number of operation nodes from 35 to 23, reduced the completion time from 15 days to 3 days, eased the workload by 40%, and save 60% of operation time, thereby enabling the enterprise to stabilize production and meet the designed capacity. As of the end of December 2024, CZBank had offered more than RMB47 billion to JL Group and its upstream and downstream customers, covering more than 300 customers on the supply chain.</p>
<p><b>Case: Implementing the "Wei Qi Fu" project to digitalize supply chain finance</b></p> <p>CZBank's Shenzhen branch deeply explored payment and settlement scenarios and combined Tencent Group's platform and its own smart business strategy to provide better financial services for medium, small and micro-sized enterprises. In October 2024, it launched the micro enterprise payment project in cooperation with Tencent Group that aims at brand owners, core enterprises and medium, small and micro-sized enterprises in supply chains. The implementation of the "Wei Qi Fu" project enables digitalization of procurement and distribution scenarios along supply chains, solves the problem of misalignment between customers' traditional payment tools and operational procurement scenarios, reduce customers' operating costs, and broaden the business scenarios of small and micro enterprise supply chains.</p>

**IV. Continuing to Explore Inclusive Finance**

CZBank considers inclusive finance for small and micro businesses as one of its strategic business segment, builds a related long-term mechanism, and continuously innovates inclusive finance products and services to better market players. We have been recognized by the National Financial Regulatory Administration (the former CBIRC) as a tier-1 bank in delivering financial services for small and micro enterprises for four consecutive years (2020-2023). As of the end of 2024, the Bank's balance of loans to small and micro enterprises meeting national standards exceeded RMB450 billion, and its balance of inclusive loans to small and micro enterprises exceeded RMB350 billion. Since the Bank launched its business targeting small and micro enterprises, it has cumulatively offered more than RMB2 trillion of related loans, benefiting more than 700,000 enterprises.

<p><b>Accelerating inclusive digital finance</b></p>	<ul style="list-style-type: none"><li>• The Bank innovated and launched online inclusive loan products such as "Data Asset Loan", "Data Technology Loan", "Inclusive Data Asset Loan", and provides</li></ul>
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	highly streamlined loan services that are "credit-based, easy to apply for, qualified for intelligent approval, renewable and easy to withdraw" for self-employed workers and small and micro enterprises. As of the end of 2024, more than RMB6 billion of "Data Asset Loan" and "Data Technology Loan" had been granted to nearly 8,000 small and micro enterprises.
<b>Vigorously promoting scenario-based finance</b>	<ul style="list-style-type: none"> <li>The Bank endeavored to explore opportunities in common business scenarios such as "micro and small industrial parks" and "supply chains". For example, it tailored 10 industrial park loan products such as "mortgage loan", "rent loan", "decoration loan", "equipment loan" and "credit loan" to address the financial needs of micro and small industrial parks throughout their operations and improve medium and long-term credit supply, credit loan support, and first-time borrower financing services. As of the end of 2024, the balance of loans reached about RMB90 billion, an increase of more than RMB22 billion year on year.</li> </ul>
<b>Increasing financial service coverage for small and micro enterprises</b>	<ul style="list-style-type: none"> <li>We fully implemented the "financing coordination mechanism for small and micro enterprises", conducted the "Large-scale Visit to Enterprises and Households" special activities based on recommendation lists from governments and other organizations, and actively capitalize on our "financial consulting" expertise to provide comprehensive financial service solutions for small and micro enterprises and effectively and quickly steer credit funds to these grassroots enterprises. As of the end of 2024, more than RMB38 billion of loans had been granted to the business entities on the recommended list.</li> </ul>
<p><b>Case: Addressing the financial needs of a shoe manufacturer in a mountainous area</b></p> <p>Sichuan Emeishan Jinweili Sporting Goods Co., Ltd. is a private exporter in Leshan city. It has set up several factories in Liangshan Yi Autonomous Prefecture and other places which hire over one thousand local people. In recent years, the orders from some core downstream customers of the enterprise have decreased due to the weak global economy, leading to a great pressure on the enterprise's capital chain. Financial consultants from CZBank Chengdu branch visited the enterprise several times and helped it apply for preferential treatment as a class-2 customer according to "CZBank Ethics Standard", so that the line of credit granted to the enterprise were not reduced during renewal and the interest rate was reduced to a certain extent from that of the previous year to meet the demand of the enterprise for working capital. In addition, we offered preferential treatment of annual exchange settlement to help the enterprise reduce exchange settlement fees by more than RMB2 million from 2022 to 2024.</p>	

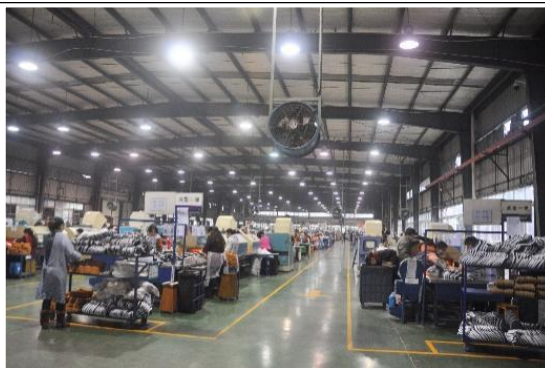


Figure: Jinweili workshop

**Case: Providing "Young Entrepreneur Loan" to help youth in Lishui develop start-ups and pursue innovation**

Our Lishui branch actively responded to the call of Lishui Municipal Government and launched the "Young Entrepreneur Loan" to help youth in Lishui develop start-ups and pursue innovation. It worked more closely with Lishui's Youth League Municipal Committee, Municipal Human Resources and Social Security Bureau, Market Supervision Bureau, Veterans Affairs Bureau and other departments to explore new ways of cooperation to deliver financial assistance for such young people. The "Young Entrepreneur Loan" project won the second prize in the 2024 Lishui Inclusive Finance Service Innovation for Rural Revitalization Competition, and the related cases have been widely reported by more than 10 media at the central, provincial and municipal levels. As of the end of 2024, the loan has been granted to 143 customers and the balance reached RMB126 million .



Figure: Interview with a "Young Entrepreneur Loan" applicant

**Case: Setting up a "Large Enterprise Helping Small Store" service station**

In December 2024, our Jinhua Wuyi sub-branch under Jinhua branch set up the "Large Enterprise Helping Small Store" service station in Jinhua city to provide financial services including "certificate issuance, account opening and credit granting" for self-employed workers and small and micro enterprises, creating a new "municipal supervision + finance" service experience. In addition to helping with such as company registration, change, and deregistration and annual reporting, the service station can also provide a variety of financial products and services on site according to customers' profiles and financial needs. This has been widely welcomed by customers and promoted across local area, creating more social value through our "ethic finance" efforts.



Figure: A customer printing his business license at the "Large Enterprise Helping Small Store" service station of Wuyi sub-branch

## V. Supporting Rural Revitalization

In order to contribute to China's rural revitalization strategy, CZBank continuously increase credit allocation to "agriculture, rural areas and farmers" to boost rural industries. As of the end of 2024, the Bank's agricultural loan balance had amounted to RMB240.564 billion, with a year-on-year increase of RMB19.781 billion or 8.96%. The balance of inclusive agricultural loans reached RMB51.112 billion, with a year-on-year increase of RMB8.358 billion or 19.55%.

<b>Strengthening guidance with credit policies</b>	The Bank prioritizes support for rural revitalization-related industries and increases credit allocation to such industries. It also explores business opportunities with self-employed workers and farmers for "Prosperity Loan".
<b>Promoting preferential incentive policies</b>	The Bank has put in place separate agricultural credit and inclusive agricultural credit plans, and strengthened the assessment and evaluation of rural revitalization business performance. It determines the objectives and key tasks of rural revitalization on an annual basis, connects the completion of agricultural loan tasks and inclusive agricultural loan tasks with branch performance assessment and evaluation, and steps up supervision over the rural revitalization performance of branches. It allocates all the resources required for inclusive agricultural loans, grants FTP preference to the newly issued inclusive agricultural loans in the current year, and maintains the sustainability and stability of resources allocation and incentive policies.
<b>Innovating financial products for common prosperity</b>	The Bank specifically supports the pillar industries of each county, and has tailored 66 "Digital for Wealth" loan products targeting various industries such as the Longyou pig industry, the Jiangshan intelligent manufacturing industry and the Sanmen green crab industry. Using big data and artificial intelligence technology, we have enabled customers to submit applications via mobile devices, sign electronic contracts, undergo automatic review and approval, make withdrawal online, and renew loans. We have also optimized and improved the industrial chain service mode

	of "Bank + Leading enterprises/Rural cooperatives + Farmers" to better provide financing support. As of the end of 2024, over RMB5.7 billion of "Digital for Wealth" loans had been granted to more than 2,400 farmers, new rural business entities, micro enterprises and other rural business entities in mountainous counties.
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**Case: Offering targeted loans to promote the healthy development of regional breeding industry**

Pig breeding is one of the pillar industries in Yantai, Shandong province that produce agricultural and sideline products. However, price fluctuations in recent years have often caused small and medium-sized farmers to quit. In order to solve the plight of farmers, our Yantai branch, with the support of the Yantai Municipal Government, created the "Five Financing" business model based on "government subsidies, price guarantee, breeding insurance, farm to order and loan support", significantly improving farmers' business income and enthusiasm. As of the end of 2024, we had provided financing support of more than RMB24 million for 14 farmers to enable the steady development of the industry. Our efforts have been reported by many mainstream media.



Figure: Financial consultants from Yantai branch investigating the development of pig breeding industry

**Case: Implementing "Secretary stationed in village + Financial adviser" cooperation to create a new chapter of finance-enabled common prosperity**

Our Taizhou branch joined the preparation of a live broadcast room in Yongfu village, Nanping township, Tiantai county for pursuing common prosperity. Serving the Party building and joint development purpose, the project adopted the "1+1" mechanism of cooperation between the secretary stationed in the village and financial advisers to combine financial expertise with the new marketing approach of live broadcast, exploring a new way of offering financial assistance for rural revitalization.



Figure: "Secretary stationed in village + Financial adviser" creating a new chapter of finance-enabled common

## VI. Innovating Financial Services for Elderly Care

Closely following China's strategic plan and targeting demand for pension finance, CZBank continues to innovate service mechanisms, optimize service quality, create a caring and professional pension finance service brand, and take good care of the financial needs of the elderly through comprehensive financial services, enabling them to enjoy their retirement life.

### (I) Promoting the Development of the Personal Pension Business

CZBank actively promotes the construction of the third pillar of the pension system, conducts personal pension business, and provides customers with comprehensive personal pension services such as account opening, contribution, product investment, and benefits collection. By further cooperating with insurers, public funds and other financial institutions, we continue to enrich pension finance products and improve wealth management services for the elderly. As of the end of 2024, the number of personal pension accounts opened and cumulative contribution had increased by 47.43% and 70.24% respectively, and 77 pension FOF funds had been launched on a commission basis. We also introduced innovative commercial pension products and realized an annual amount increase of nearly RMB2.4 billion.

### (II) Creating a Competitive Pension Finance Service Brand

For customers about to retire or have retired, CZBank has built a pension finance service brand named "Jingui Life" that aims to support the "wealth, health, life and activities" of elderly customers through comprehensive services. As of the end of 2024, the total number of elderly customers had increased by 16.66% year on year.

Carrying our special activities with different organizations	<ul style="list-style-type: none"> <li>We cooperated with local elderly associations, elderly universities, and elderly communities to hold 100 themed activities, build elderly care demonstration outlets, and launch the Jingui Club.</li> </ul>
Issuing tailor-made products	<ul style="list-style-type: none"> <li>In 2024, the Bank issued a total of 28 customized "Jingui Life" financial products, whose performance was better than the ordinary products.</li> </ul>
Providing local special services	<ul style="list-style-type: none"> <li>A number of CZBank branches arranged Chinese medicine consultation, hair-dressing in communities, and other activities to improve pension finance services.</li> </ul>

### (III) Improving Outlets' Capability to Serve Elderly Customers

CZBank comprehensively improve business outlets' capability to serve elderly customers by delivering exclusive outlet services and special caring services to elderly customers.



- All outlets of the Bank have offered priority seats, wheelchairs and presbyopic glasses, set up a priority window for elderly customers, and installed intelligent business equipment and ATM machines that adopt large fonts and simplified user interfaces for elderly customers. We have invited authoritative certification companies to carry out national standard certification and conduct elderly-friendly service certification for two business outlets. These efforts further standardize and improve the services of our outlets.
- We have designed a elderly customer contact card, which records elderly customers' identity information, emergency contacts and other related information with their prior consent. This exclusive service aims to extend our love and care for elderly customers.
- We have actively delivered door-to-door services for elderly customers who cannot visit our business outlets due to health issues or accidents.
- We have strengthened education among elderly customers in our business outlets to promote fraud alerts, aiming to help them ensure payment security and protect their wealth.



Figure: CZBank holding a knowledge contest to protect the wealth of elderly customers



Figure: CZBank helping elderly customers use intelligent business equipment

## VII. Economic Performance

Indicator	Unit	2024	2023	2022
Total assets	RMB billion	3,325.539	3,143.879	2,621.930
Total loans and advances to customers	RMB billion	1,857.116	1,716.240	1,525.030
Total liabilities	RMB billion	3,122.796	2,954.302	2,456.000
Customer deposits	RMB billion	1,922.289	1,868.659	1,681.443
Operating income	RMB billion	67.702	63.764	61.152
Profit before tax	RMB billion	17.579	17.492	15.831
Profit after tax	RMB billion	15.693	15.493	13.989
Total tax paid	RMB billion	10.442	10.995	12.654
Capital adequacy ratio	%	12.61	12.19	11.60
Balance of loans to SMEs	RMB billion	457.399	405.386	341.883
Balance of broader agricultural loans	RMB billion	240.564	220.783	199.924
Balance of manufacturing loans	RMB billion	303.147	265.150	238.366
Total amount of financing services in	RMB billion	1,020.500	921.689	839.839



Zhejiang Province				
Balance of supply chain financing	RMB billion	166.642	166.082	100.063

## Chapter III Environment: Creating a Green and Low-Carbon Future Together

Green development is what drives high-quality growth. CZBank continues to enrich the supply of green and sustainable financial products, participate in green financial exchanges and cooperation, give full play to its strength to innovate green financial products, help achieve the "dual carbon" goals and address climate change challenges, thereby contribute to environmental protection.

### I. Actively Addressing Climate Change

In the face of challenges due to global climate change, CZBank firmly implements the concept of green and low-carbon development, carries out in-depth analysis and assessment of climate risks, integrates climate risk into its comprehensive risk management system, and improves its capability to cope with climate change, making every effort to deliver business results while protecting the climate and nature.

#### (I) Climate-related Governance Structure

In 2024, the Bank revised the CZBank Green Finance Development Strategy and Implementation Outline, formulated the Implementation Plan of CZBank for High-Quality Green Finance Development, and constantly improved the governance structure and policy system for green finance.

<b>Board of Directors layer</b>	The Board of Directors is responsible for determining the bank-wide green finance development strategy, approving the green finance development goals put forward by the senior management and the relevant reports submitted, supervising and evaluating the implementation of the green finance development strategy. The Strategic and Sustainable Development Committee of the Board of Directors is responsible for supervising the implementation and fulfillment of the green finance development strategy. The Audit Committee of the Board of Directors engages third-party auditors and entrusts the Internal Audit Department to audit branches in terms of the implementation of green finance policies and management of ESG risks.
<b>Senior management layer</b>	The "Green Finance Committee" and "Steering Group for Carbon Peaking and Carbon Neutrality Goals" were established, with the President of the Head Office as director and the other members of the Head Office management team as deputy directors.
<b>Execution layer</b>	The Office of the Green Finance Committee consists of four working groups, namely, the Green Finance Policy Research and System Construction Group, the Customer Marketing and Business Promotion Group, the Brand Building and Image Improvement Group, and the Self-performance Management and Transformation Group. These four working groups work with different departments to fully promote the implementation of key tasks.
<b>Department and</b>	The Corporate Banking Department of the Head Office has set up the Green Finance

<b>branch layer</b>	Center (special finance center), and the Credit Assessment Department of the Head Office has set up the Energy (Dual Carbon) Finance Assessment Center to vigorously support the professional operation and management of green finance. All branches and subsidiaries have set up a working group to support carbon peaking and carbon neutrality and implement various required tasks. We have also positioned the Huzhou branch as a green finance reform and innovation demonstration bank, the Quzhou branch as a green finance pilot bank, the Lishui branch as a climate investment and financing pilot bank, so as to actively support the development of green finance reform and innovation pilot zones as well as climate investment and financing pilot zones.
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## (II) Climate Risks and Opportunities

CZBank has incorporated climate risks into its comprehensive risk management system, established a climate risk "identification, assessment and control" mechanism, identified the climate change risks and opportunities faced by the Bank, assessed the actual and current and future potential impacts of climate-related issues on business, strategy, and finance as well as the actual and potential impacts on credit risk, market risk, liquidity risk and other traditional financial risks, assessed the time frame and extent of the impacts, and formulated effective countermeasures to control risks.

### 1. Physical Risk

<b>Risk Category</b>	<b>Risk Impact Description</b>	<b>Potential Major Financial Impact</b>	<b>Duration</b>
Extreme Climate Risk	Over the past few years, extreme weather events frequently occurred around the world, damaging the Bank's facilities, interrupting its businesses, damaging and destroying its collaterals, and interrupting customers' normal production and operation activities.	Increased operating costs	Long term
Long-term Climate Risks	Global warming and rising sea levels may cause shortages of water supply and power supply, abnormal temperature increase, fires, etc., which will increase our power consumption and have an impact on our office and outlet operations, and even employees' health and safety, affecting normal business activities.	Increased operating costs	Long term

#### **The Bank's control measures against physical risks:**

- We prepared business continuity plans to deal with sudden extreme weather events, and organized regular bank-wide drills. We promoted resource allocation for emergency offices, and improved important business continuity guarantee mechanisms for extreme conditions. We continued to improve online business channels and other comprehensive service functions.

- The Bank enlarged its green and low-carbon transformation, pursued green and low-carbon offices, green procurement, and green buildings, set green outlets and paperless business processes, constructed green data centers, and established green intelligent Internet of Things systems and other systems, and raised the awareness of low-carbon operations and energy conservation, and conserving water, paper and electricity, so as to actively fulfill our social responsibilities.
- We deeply promoted the digital transformation of financial services by making full use of digital tools and data elements to improve the capability to deliver comprehensive financial services online.
- We gave full play to the financial consulting mechanism to provide enterprises with comprehensive green finance services, so as to help them actively navigate the impacts of climate-related risks, improve ESG risk management awareness, and prepare risk prevention and control plans.

## 2. Transition Risks

Risk Category	Risk Impact Description	Potential Major Financial Impact	Duration
Credit Risk	Climate changes 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 policies, regulations, and technologies, thereby potentially hampering 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.	Loans cannot be recovered in full, the Bank's income decreases while costs increases.	Medium and long term
Liquidity Risk	Extreme climate events may cause the business conditions of 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 operations. Such issues could result in market-wide liquidity tightening, creating broader financial instability.	Loan funds cannot be recovered normally, deposits flow out significantly, and the funding gap widens.	Medium and long term
Market Risk	As ESG principles continue to gain traction, customers may display a stronger preference for products and services that offer social and environmental value. They may reduce or step engagements with the Bank if our ESG	Reduced revenue due to lower demand for products and	Medium and long term

	rating declines, which will lead to 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 our market value.	services.	
Reputation Risk	The society is increasingly alert to issues of climate change and environmental protection. If our business activities have a direct or indirect negative impact on the climate or environment, or lead to environmental pollution mishaps due to inadequate ESG risk management or insufficient oversight during business development, it could generate negative publicity, subjecting the Bank to reputational risks.	Product and service demand decreases, affecting revenue, stock price, etc.	Short, medium and long term
IT Risk	As financial institutions undergo green transformation, alongside a simultaneous comprehensive shift toward digitalization, online and smart business functions are accelerating, leading to surging cybersecurity risks, such as data leaks, system failures, data losses or damages, ransomware, and hacker attacks. The process of digital transformation also introduces the use of cutting-edge technologies, such as AI large language models, exposing us to risks due to maturity and security issues.	Increase in operation and maintenance (including security protection and risk control) costs and R&D costs.	Medium and long term
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 slow growth in emerging business revenue, resulting in pressure on revenue.	Medium and long term

**The Bank's control measures against transition risks:**

- We strengthened industrial investment research with a focus on new quality productive forces, "seeking excellence in five major areas" and other fields, deepened forward-looking policy guidance, and optimized the credit policy system. We maintained the "prudent" risk appetite, adhered to the "small amount and decentralization" credit extension principle, implemented the "people-oriented finance" philosophy, and

promoted business structure optimization across the Bank. We strengthened credit control throughout business processes. We implemented requirements regarding credit investigation, review and approval, and follow-up management, strengthened the requirements for stringent risk control throughout the entire credit extension process, and comprehensively improved the quality and efficiency of "three checks" credit management. We also improved the capability of digital and intelligent risk control, broadened data sources, and constantly improved the accuracy and timeliness of output from the big data risk control platform.

- We improved the capability of risk prediction and adjusted the Bank's asset and liability management strategy in a timely manner. We strengthened debt management, broadened the source of long-term funds, and continued to increase the proportion of stable debts. We enhanced the management of high-quality liquid assets and the ability to mitigate liquidity risks. We also stepped up liquidity risk warning, monitoring, and management, improved the liquidity risk emergency plan, and carried out emergency drills regularly.
- We implemented the carbon peaking and carbon neutrality strategy, practiced the concept of green development, and improved the Bank's ESG performance. We also actively developed and introduce financial products and services that conform to the ESG ideology, and enriched the supply of green finance products.
- We attached great importance to the impact of climate risks on the Bank's reputation, and incorporated climate risks into its comprehensive risk management system. We strengthened the monitoring and tracking of reputation risks caused by climate change and green finance, established a public sentiment response mechanism for possible negative events, and improved the capability of forward-looking research, judgment, analysis, assessment and handling, so as to minimize the impact of reputation risks.
- We further improved data security management, technology, and operation systems, allocated more cybersecurity personnel and financial support, and improved the overall level of cybersecurity; We struck a dynamic balance between innovation and risk control, fully evaluated before using new technologies, and strengthened in-process monitoring, analysis, and judgment.
- We clearly formulated the green finance development strategy and the overall "dual carbon" plan, strengthened industry investment research around key areas, paid close attention to the development trend of green and low-carbon industries, and actively carried out green finance product and service innovation.

### III. Climate-related Opportunities

Opportunity Category	Opportunity Description	Potential Major Financial Impact	Duration
Transformation opportunities	As society pivots towards a greener future, new energy forms are being incorporated widely, new quality productive forces are developing rapidly, green and low-carbon production and lifestyles are gaining traction, and the degree of digitization continues to amplify. In response, financial institutions are initiating their own green transformations, adhering to	Drive cost reduction	Long term

	environmentally friendly operations and workspace practices. This not only diminishes resource consumption, but also enhances their capacity to adeptly respond to climate related challenges.		
Market opportunities	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.	Promote revenue growth	Long term
Product and service innovation opportunities	After years of executing green financial transformations and showcasing exemplary 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.	Broaden revenue sources and increase profitability	Long term

**The Bank's control measures for climate-related opportunities:**

- We pursued green operations by advancing the online, digital, and intelligent transformation of our services. We refined the counter business operations to enhance smart operations and convenience. We deepened transformation by using electronic vouchers and seals. We set up the “Zhe E Ban” remote business service system to reduce customers’ carbon footprints. We promoted a paperless, online workspace and building green data centers.
- We enhanced research into pivotal industries achieving carbon peaking and neutrality and introduced a wide range of green finance credit policies to advance financial support for green and low-carbon businesses. We fortified our policy-led guidance, aligned with 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. We persisted in bolstering cooperation with government departments and businesses regarding green, digital finance platforms, such as Huzhou’s “Carbon-Efficient Code” and Lishui’s “Carbon-Efficient Loan”, so as to facilitate the development of green financial reform and innovation pilot areas in Zhejiang province.
- We explored and promoted green finance service scenarios, such as “Easy Carbon Loan”, “Carbon-Efficient

Loan”, and “Forest Carbon Sink Loan” to deliver customers a convenient service experience while simultaneously guiding and facilitating the green transformation of the industry.

### (III) Managing Climate Related Risks

The Bank pays close attention to climate and environmental risks, and has established a climate change risk management system, actively carried out climate risk stress testing, responded to climate change-related risks, and strengthened climate risk information disclosure.

#### 1. Establishing a Climate Risk Management System

The Bank has developed the *Measures of CZBank for Environmental, Social, and Governance Risk Management* which seamlessly integrated ESG risks into our comprehensive risk management system and performs risk management throughout our credit business process.

Strategy	The Bank has revised the <i>CZBank Green Finance Development Strategy and Implementation Outline</i> to define its green finance development strategy and medium and long-term goals. We have also incorporated the task for "vigorously developing green finance to help achieve the carbon peaking and carbon neutrality goals" into our "Fourth Five-Year Development Plan".
Business model	The Bank actively responded to China's "carbon peaking and carbon neutrality" goals by addressing the risks related to climate change, practicing the concept of green development, taking multiple measures to promote the development of green finance business, and steering financial resources to green and low-carbon businesses, with the aim to increase support for a green, low-carbon and circular economy, optimize the industrial structure, and effectively served the construction of a beautiful China.
Resources allocation	The Bank continued to optimize the incentive and constraint mechanism, clarified exemption rules, and steered financial resources and credit resources to green initiatives through differentiated performance evaluation, operational resources allocation, special fee incentives and other measures, thereby stepping up support for green and low-carbon development.

#### 2. Conducting Climate Risk Stress Tests

The Bank regularly carries out climate risk stress tests to assess the impact of rising carbon emission costs of customers in high-carbon industries on the quality of the Bank's credit assets in the industries and on its capital adequacy. In 2024, the Bank performed climate risk sensitivity stress tests covering eight high-carbon industries including power, steel, building materials, non-ferrous metals, aviation, petrochemical, chemical and papermaking. Taking the end of 2023 as the base period, we measured the changes in the quality of bank-wide loans to high-carbon industry customers and our capital adequacy ratio under climate change risk stress scenarios. The Bank regularly conducts climate risk stress tests to assess the impact of the rising cost of carbon emissions of customers in high



carbon industries on the Bank's credit asset quality and capital adequacy related to the industries. In 2024, we carried out climate risk stress tests covering 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 2023 as our baseline, we measured the changes in our loan quality and capital adequacy ratio for customers within these high-carbon industries under climate risk stress scenarios.

The Bank set the mild, moderate and severe stress scenarios, with reference to the carbon price changes in the domestic carbon emissions trading market and the carbon pricing scenarios specified by the Central Bank and the Network for Greening the Financial System (NGFS). The stress test results show that if customers in high-carbon industries do not carry out low-carbon transformation, their repayment ability will decline to varying degrees under stress scenarios, and the probability of default and non-performing loan rate of the industries will increase gradually. As the Bank's loans to high-carbon industries account for a relatively low proportion in its total loans, they had a mild impact on the Bank's overall credit asset quality. The capital adequacy ratio measured under mild, moderate and severe stress scenarios meets regulatory requirements, and thereby the risks are generally controllable.

#### **(IV) Goals and Progress**

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

<i>Action Plan of CZBank to Support Carbon Peaking and Carbon Neutrality (2021-2025)</i>	Carbon peaking and neutrality goals: The growth rate of green loans from 2021 to 2025 is not less than the average growth rate of all loans across the Bank.
<i>CZBank Green Finance Development Strategy and Implementation Outline</i>	Long-term development goal: Over the next five years, the Bank will build a comprehensive green finance system, enhance its green finance service expertise, and improve its carbon accounting capability and ESG risk management capability, in order to strengthen its green performance and gradually transform to a green, low-carbon bank.
<i>Implementation Plan of CZBank for High-Quality Green Finance Development</i>	Medium-term development goal: The Bank will continue to improve its green finance system, strengthen ESG risk management, promote carbon accounting in an orderly manner, increase the level of information disclosure, and raise its capability to deliver green finance services.
<i>Notice on Assigning Targets to Branches Concerning Incremental Green Loans and Agricultural Loans</i>	Development goal of the year: In 2024, the Bank's overall green loan growth rate was not lower than its overall loan growth rate. We continued to promote carbon emissions reduction support tools, hold and underwrite more green bonds, diversify green finance products and services, and increase the proportion of green finance business.

As of the end of 2024, the Bank had a relatively complete green financial system, strengthened the full-process management of customer ESG risks, continued to increase financial support for green and low-carbon businesses to boost green finance. In 2024, the Bank’s proportion of green finance continued to increase. As of the end of 2024, its green loan balance totaled RMB247.737 billion, representing a year-on-year increase of 21.78%, higher than the overall loan growth rate.

II. Optimizing the Green Finance Ecosystem

CZBank established a comprehensive green finance ecosystem and addresses diversified market demands by optimizing the green finance system and innovating green finance products, so as to inject vitality into sustainable economic and social development through financial services.

(I) Optimizing the Green Finance System

The Bank attaches great importance to the development of green finance business, constantly improves the green finance system, makes great efforts to effectively steer financial resources to green and low-carbon businesses, optimizes the capital supply structure, takes down-to-earth actions to boost green finance and drive the green and low-carbon transformation of the economy and society.

1. Green Finance Management Structure

CZBank continuously improves its green finance management structure in accordance with its green finance development strategy and business plan. The Board of Directors is responsible for determining the bank-wide green finance development strategy, approving the green finance development goals put forward by the senior management and the relevant reports submitted, supervising and evaluating the implementation of the green finance development strategy. The Strategic and Sustainable Development Committee of the Board of Directors is responsible for supervising the implementation and fulfillment of the green finance development strategy, determining green finance topics, convening green finance meetings, and forming relevant resolutions. The Audit Committee of the Board of Directors engages third-party auditors and entrusts the Internal Audit Department to audit branches in terms of the implementation of green finance policies and management of ESG risks.

The Bank's Green Finance Committee established by the senior management is responsible for implementing the green finance development strategy determined by the Board of Directors and making decisions on the objectives, mechanisms, processes and major issues of green finance. The Office of the Green Finance Committee consists of four working groups, namely, the Green Finance Policy Research and System Construction Group, the Customer Marketing and Business Promotion Group, the Brand Building and Image Improvement Group, and the Self-performance Management and Transformation Group. These four working groups work with different departments of the Head Office to fully promote the implementation of key tasks.

Optimizing the top-level design	In 2024, the Bank revises the <i>CZBank Green Finance Development Strategy and Implementation Outline</i> and formulated the <i>Implementation Plan of CZBank for High-Quality Green Finance Development</i> and the <i>Notice on Assigning Targets to</i>
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	<i>Branches Concerning Incremental Green Loans and Agricultural Loans</i> to further improve the green finance management structure, clarify the strategy, the short, medium and long-term objectives, and the key tasks with regard to green finance, and further promote the high-quality development of green finance.
<b>Strengthening policy guidance</b>	We continuously strengthened research on green industries, constantly enriched the credit policy framework system, and navigated the bank-wide development of green and low-carbon credit business with a forward-looking mindset. We focused on the overall planning of special credit policies for key green industries and released 11 special green finance policies targeting natural gas, power supply, sewage treatment, garbage treatment, and other industries.
<b>Deepening specialized business operations</b>	We have established the Green Finance Center (special finance center) and the Energy (Dual Carbon) Finance Assessment Center for specialized green finance operation and management. In order to support the development of green finance reform and innovation pilot zones as well as climate investment and financing pilot zones, we have positioned the Huzhou branch as a green finance reform and innovation demonstration bank, the Quzhou branch as a green finance pilot bank, and the Lishui branch as a climate investment and financing pilot bank, which have been provided with supporting policies and measures to vigorously drive specialized operation and development of the green finance business.
<b>Offering differentiated incentive policies</b>	The Bank has strengthened green finance performance assessment policies, optimized the allocation of operating resources and financial resources, and implemented internal fund transfer price incentives for green loans, green bond investments, and carbon emission reduction loans. In 2024, we formulated a notice on green finance credit matters qualified for exemption to specify when exemption can be applied in order to "seek excellence in five major areas" .
<b>Improving full-process risk management</b>	The Bank has included ESG risks into the comprehensive risk management system to strengthen the classified management and dynamic assessment of customer ESG risks, incorporated ESG risk factors as an important consideration in credit granting activities such as due diligence, review and approval, and post-loan management, and taken differentiated and dynamic management measures. All these help constantly improve the digital and intelligent risk control system and create a digital and intelligent system for monitoring environmental violations of enterprises.

## 2. ESG Risk Management in Business Processes

The Bank developed the *Measures of CZBank for Environmental, Social, and Governance Risk Management* to integrate ESG risk management into our credit process and comprehensive risk management system. By embedding ESG risk management functions into the credit risk management system, we have strengthened the classified management and dynamic assessment of customers' ESG risks. We have also established internal reporting mechanisms and accountability mechanisms with regard to customers' major ESG risks, and used technological means to enable ESG risk management.

<b>Due diligence</b>	In our industry credit policy, we have defined the customer ESG risk-related due diligence requirements. By collecting all kinds of internal and external information, we can accurately understand the ESG risks faced by customers.
<b>Classified management</b>	According to the degree of ESG risks faced by customers, we divide credit customers into high-risk, medium-risk and low-risk customers, and dynamically assess their ESG risks. The assessment results are an important basis for customer rating, credit access, management and exit.
<b>Review and approval</b>	We've incorporated the ESG risk reviews of customers or projects into the credit review and approval process. We strictly control the financial resources allocated to high-carbon and low-efficiency industries, and require appropriate risk mitigation measures by customers with a medium or high ESG risk.
<b>Contract management</b>	We have improved contract management to take customers' ESG risks into consideration by containing independent clauses that urge customers to strengthen ESG risk management.
<b>Loan management</b>	We routinely review customers' management and control of ESG risks, attentively observe risk hazards, and, if a major risk is confirmed, suspend or terminate the loan according to the terms of the contract.
<b>Post-investment and loan management</b>	We actively use the big data technology to collect, identify and dynamically analyze customers' ESG risk information to understand their ESG risk status in a timely and accurate manner, and take corresponding measures. For customers with a medium or high ESG risk, we carry out regular on-site ESG risk inspections.

### 3. Credit Policy for Priority Industries

The Bank's basic credit policy clearly requires increasing financial support for a green, low-carbon, and circular economy and for biodiversity protection. Specifically, we included green finance and industries critical to the "dual carbon" goals in the "priority industries" list, focusing on supporting wind power and photovoltaic, and other new energy industry chains, electric vehicle industry chains, clean heating projects, clean transportation projects, and ultra-low emission transformation projects of key industries. We made full use of monetary policies to financially support projects that can significantly reduce carbon emissions, and support pollution reduction and carbon reduction

transformation projects of key industries. We increased support for construction and upgrading of industrial parks, new urban areas, urban and rural sewage collection and treatment facilities, addressed the financing needs for facilitating pollution control in key industries, construction of domestic waste classification and treatment facilities, and innovative comprehensive utilization of solid waste, and enabled the sustainable development of wildlife and habitat protection, marine ecological protection and restoration, new marine energy, ecotourism and other industries. We facilitated the green and low-carbon development of "agriculture, rural areas and farmers" as well as small and micro enterprises, and prioritized aid to new agricultural operators, ecological circular agriculture and other sectors. In addition, we strictly controlled the financial resources for high-carbon and low-efficiency industries, and required customers with a medium or high ESG risk to take appropriate risk mitigation measures.

The Bank have included industries featuring with high energy consumption, high pollution or high emissions into industries subject to robust control or stable cooperation in order to optimize its credit asset structure. For example, we formulated specific credit policies for coal, steel and thermal power industries, and put forward specific green credit management requirements.

## **(II) Innovating Green Finance Products**

By optimizing the design of green finance products, CZBank precisely supports ecological protection, new materials, technological innovation and other sectors to further drive sustainable development.

### **1. Green Credit**

CZBank persistently promotes its green finance business, and ranks critical green and low-carbon industries as "priority industries" in its basic credit policy. Focusing on the "dual carbon" goals and energy structure adjustment, we give priority to supporting green industrial chains, green development and financial businesses that benefit the goals. Based on the overall planning of the special credit policy for key green industries, we encourage our branches to actively invest in green, low-carbon, and high-tech industries, thereby facilitating the development of new quality productive forces. As of the end of 2024, the Bank's green loan balance totaled RMB247.737 billion, representing a year-on-year increase of RMB44.301 billion or 21.78%, higher than the overall loan growth rate.

#### **Environmental performance of green projects supported by the Bank's green loans**

<b>Indicator</b>	<b>Unit</b>	<b>2024</b>
Water saved by green projects	Tons	13,362.34
Carbon dioxide equivalent emissions reduced by green projects	Tons	130,060.59
Sulfur dioxide reduced by green projects	Tons	2,448.41
Standard coal consumption reduced by green projects	Tons	40,438.05
Chemical oxygen demand reduced by green projects	Tons	1,555.99
Ammonia nitrogen emissions reduced by green projects	Tons	12.19
Nitrogen oxides reduced by green projects	Tons	1,113.68

### **Case: Driving green ecological construction with asset-pledged “Forest Carbon Sink Loan”**

A forest investment and development company was responsible for the development and maintenance of Dongtai Huanghai National Forest Park. Due to forest maintenance scope expansion, infrastructure upgrading and other reasons, the company urgently needed to increase working capital, but due to the special nature of forestry assets, financing was difficult. In accordance with the *Operational Guidelines for Carbon Asset Pledge Financing In Jiangsu Province (Interim)*, the Bank helped the company apply for loans by taking the annual carbon emissions absorbed by 68,000 mu of plantation forest as a means of credit enhancement, which represented an innovative way of green financing for the company. In 2024, the Bank granted the company a general line of credit of RMB60 million and honored it in full. It was the Bank’s first asset-pledged “Forest Carbon Sink Loan”, a green solution to drive ecological environment construction.

### **Case: Promoting the "ESG loan + Insurance" business model to help an enterprise drive sustainable development**

Zhejiang Hanano New Materials Technology Co. Ltd. specializes in the R&D and manufacturing of ultra-thin precision carbon nanotube films. Even with remarkable achievements in the field of energy conservation and environmental protection, it still faced financing and management challenges. In order to help the enterprise overcome the challenges, our Huzhou branch created the "ESG loan + Insurance" business model, performed risk-based pricing by taking into consideration the enterprise's ESG performance, and provided it with a loan of RMB30 million and an ESG insurance coverage of RMB16.5 million, effectively reducing the financing cost of the enterprise. Through the cooperation between the Bank and an insurer, we was able to deliver professional insurance services to strengthen post-loan management and help the enterprise improve its ESG rating. It not only enabled the enterprise to better seek sustainable development, but also reduced the credit risk and created both economic and social benefits. It was recognized by Huzhou as a green finance product and service innovation in 2024.

“This business innovation jointly by the Bank and the insurer has enabled us to obtain both financial support and insurance coverage.”

——Person in Charge of Zhejiang Hanano New Materials Technology Co. Ltd.



Figure: Employee from the Huzhou branch carrying out field research at the enterprise

### **Case: Launching “Carbon-Efficient Loan” to facilitate climate investment and financing pilot project**

**construction in Lishui**

In response to China's critical decision and plan regarding carbon peaking and carbon neutrality, the Bank launched the "Carbon-Efficient Loan" targeting the industrial enterprises in Lishui based on their carbon efficiency evaluation results. By embedding the "carbon efficiency codes" of enterprises that indicates their carbon efficiency ratings in the credit process, the Bank is able to provide green loans with tiered and differentiated terms, amounts, interest rates, and so on, so as to encourage them to improve their carbon efficiency ratings by reducing carbon emissions. As of the end of 2024, Lishui branch has granted RMB250.99 million of "Carbon-Efficient Loans" to 34 customers.

**Case: Issuing "Letter of Water Purification" to improve the financing efficiency of printing and dyeing enterprises in Shaoxing**

The printing and dyeing industry is a traditional competitive industry and an important pillar industry in Shaoxing. After visiting and investigating printing and dyeing enterprises, the Bank realized that the cost of water purification accounted for a large proportion of their cost. In order to help them address this issue, the Bank studied their water purification fee payment scenarios and issued domestic letters of credit for them to pay the fee. In this way, printing and dyeing enterprises are able to delay cash outflow, reduce financial costs, and quickly replenish cash. Therefore, it has gained recognition from both the local companies discharging water and the local companies purifying water.

**Case: Supporting the project of Cixi city to develop a construction waste recycling treatment center to boost the circular economy**

In order to speed up the comprehensive utilization of construction waste, Cixi Municipal Government proposed the "Cixi Construction Waste Reutilization Center Project". After the project is completed, it is expected to solve construction waste treatment difficulties and enable reutilization of resources. The bricks produced through the project can replace clay bricks, helping reduce the use of soil and standard coal, protect farmland, and reduce harmful gas emissions, which is of great significance to the development of a circular economy and to energy conservation and emissions reduction. Our Ningbo branch obtained information about the project through the bank-government cooperation mechanism immediate when it was released, and formed a syndicate with other banks to quickly obtained credit approval for the project. As of the end of 2024, we had offered a total credit support of RMB76 million for the construction of the project to drive smooth implementation.

**2. Green Bonds**

In 2024, CZBank actively promoted the registration and issuance of green bonds through green channels, preferential marketing performance assessment, and other measures. As of the end of 2024, the Bank had underwritten 12 green bonds and helped 8 issuers raise RMB7.137 billion for green projects.

**Case: Supporting the issuance of green notes**

In June 2024, CZBank facilitated the successful issuance of "Company H Phase-2 Medium-term Green Notes" to raise RMB300 million for repay the bank loans borrowed in the green project launch phase. The funds raised via

the bond issuance can help reduce 1,211,000 tons of carbon dioxide annually, reduce the use of 486,300 tons of standard coal, and reduce 138.53 tons of sulfur dioxide emissions and 224.09 tons of nitrogen oxide emissions.

**Case: Completing the first overseas blue bond underwriting and investment business for an enterprise in Guangdong province**

Maoming Port Group Co., Ltd. is a large transportation infrastructure investment and construction enterprise. Learning that the enterprise was preparing to issue overseas bonds, CZBank's Guangzhou branch quickly helped it issue a three-year overseas RMB bond through end-to-end coordination in 2024 to raise RMB640 million. It is the first overseas blue bond of enterprises in Guangdong province and the first overseas Renminbi green bond of Maoming city. The fund will be mainly used for clean energy, green transportation, sustainable development and other purposes. In addition, our Hong Kong branch participated in bond underwriting as a bookkeeping manager, while our Guangzhou branch invested RMB100 million in the bond through the Free-Trade Accounting Unit (FTU).

### 3. Green Investment

CZBank continues to improve the professionalism and coverage of green finance services, fully seek opportunities to invest in industries and companies with outstanding performance in environmental protection and low-carbon production, explore sources of green wealth management, prioritize investment in bonds of green industries such as clean energy, pollution prevention, ecological protection, and climate change, thereby actively pursuing investment opportunities related to green industry reform in the capital market. In 2024, CZBank invested RMB1.315 billion in green bonds for wealth management.

### 4. Green Consumption

CZBank issued green low-carbon cards to encourage and enable individual consumers to practice a green low-carbon lifestyle. As the end of 2024, we has issued 16,000 green low-carbon cards, provided 630,000 subway passenger discounts, and 20,000 quarterly or monthly shared bike service cards to customers. These efforts have helped reduce 1,560 tons of carbon emissions and encouraged consumers to adopt a green low-carbon lifestyle, so as to jointly build a greener, low-carbon society.

## III. Practicing Green, Low-carbon Operations

CZBank implements the low-carbon concept during business operations, and makes great efforts in low-carbon operations, resource management, as well as green development publicity and education.

### (I) Advocating Low-carbon Operations

Keeping the "dual carbon" goals in mind during business operations, the Bank continues to promote paperless office and green outlet construction by leveraging digital means to achieve low-carbon transformation.

<b>Driving the construction of green</b>	We encourage local branches to develop zero-carbon outlets, optimize operations to reduce emissions, and practice green concepts such as low-carbon travel and green
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<b>outlets</b>	office, gradually making their business operations and asset portfolios meet the carbon peaking and carbon neutrality goals. In 2024, the business outlets of Huzhou branch were recognized as “Carbon Neutrality” star-rated banking outlets by Huzhou Association of Banks.
<b>Promoting electronic seals and vouchers</b>	We have created a digital and intelligent operations management platform, integrated various system functions, and automated ledger entries and manual operations to reduce resources consumption. We have promoted the use of electronic seals by upgrading the letter issuance business, and completed 67,929 requests for applying electronic seals. We carried out the electronic voucher project of the Ministry of Finance with creative measures and implemented its requirements for further piloting electronic vouchers by becoming the first bank in the industry to develop innovative electronic voucher functions . In 2024, our efforts to pilot electronic vouchers helped reduce the use of 2.4 tons of paper that should had been needed for recording accounting data.
<b>Building a remote operations service system</b>	We have used digital technology means such as video conferencing and facial recognition to reshape our remote operations service process, and leveraged big data to implement multi-dimensional risk prevention and control measures to set up the "Zhe E Ban" remote operations service system. “Zhe E Ban" has provided 27 business functions for customers to access services online, so as to provide convenience and reduce carbon emissions of business processes.

## (II) Optimizing Resource Management

CZBank employs innovative technical approaches to standardize energy consumption reduction. The Bank have formulated the *Public Energy Consumption Reduction Plan* and a feasibility plan on green lighting system and improved the "energy conservation inspection patrol" mechanism and the “energy consumption data analysis for energy conservation" mechanism. It regularly analyzes the daily water, electricity, and gas consumption data and other data of the Head Office’s buildings and performs timely inspections based on abnormality found to strictly control related consumption costs.

The Bank actively promotes the construction of green outlets and implements energy conservation and environmental protection concepts when completing the interior of branches. We opt for large rooms to improve space utilization, adopt intelligent lighting systems, LED lights, variable refrigerant *volume* (VRV) systems and other energy-conservation equipment, select water-saving sanitary ware and environment-friendly building materials above class E1, and use only E0 environment-friendly materials for furniture. We reduce the water usage of data centers by reducing cooling water discharge, reducing evaporation, and strengthening water management. We adopt the modular design for our equipment rooms to maintain a constant temperature and humidity, and use natural cooling to reduce energy consumption.

### (III) Promoting Green Ideologies

CZBank strengthens green operations guidance and builds a strong awareness of low-carbon energy conservation. We seek energy conservation and emissions reduction through optimized office supply purchases, waste *management*, green travel and other measures. We actively practices green procurement by prioritizing environment-friendly and degradable cleaning products, office supplies, construction products and office furniture. In terms of waste management, the waste generated in our office buildings is classified and recycled. In terms of green travel, our Head Office and branches prioritize the purchase of electric vehicles. The Bank's canteens sustain the "No Leftover" campaign and have put in place a inspection patrol mechanism implemented by tray retrieval supervisors to help reduce carbon emissions from food waste and kitchen waste disposal, so as to promote the green concept among employees.

## IV. Environmental Performance

### (I) Addressing Climate Change

Indicator	Unit	2024	2023	2022
<b>Green Finance</b>				
Green loan balance	RMB billion	247.737	203.436	145.923
Balance of energy conservation and environmental protection loans	RMB billion	41.832	29.612	21.174
Balance of cleaner production loans	RMB billion	13.225	11.456	5.185
Balance of clean energy loans	RMB billion	20.315	17.120	12.501
Balance of environment protection loans	RMB billion	16.643	12.504	6.014
Balance of infrastructure green upgrade loans	RMB billion	152.876	131.585	98.577
Balance of green service loans	RMB billion	2.847	1.159	2.472
Green loans increased compared with the previous year	RMB billion	44.301	57.513	41.679
The balance of loans to high pollution, high energy consumption and overcapacity industries	RMB billion	70.070	62.897	53.048
The proportion of the balance of loans to high pollution, high energy consumption and overcapacity industries to all loan balances	%	3.78	3.73	3.48
Environmental financing balance	RMB billion	275.594	225.631	167.452
Size of green bonds	RMB billion	-	-	10
Number of green projects supported <sup>6</sup>	No.	18,505	15,478	14,176
Carbon dioxide equivalent emissions reduced by green projects	Tons	130,060.59	175,628.75	80,770.21

<sup>6</sup> 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

Sulfur dioxide reduced by green projects	Tons	2,448.41	3,348.19	1,278.11
Standard coal consumption reduced by green projects	Tons	40,438.05	61,760.48	36,814.44
Chemical oxygen demand reduced by green projects	Tons	1,555.99	4,388.28	1,110.50
Ammonia nitrogen emissions reduced by green projects	Tons	12.19	12.19	723.94
Nitrogen oxides reduced by green projects	Tons	1,113.68	1,377.80	206.44
<b>Green Operation</b>				
Outlet mew smart machine coverage	%	100	100	100
Number of electronic banking transactions	No.	806,323,100	452,152.800	251,434,000
Number of online banking transactions	No.	673,974,600	332,532,100	143,897,000
Number of telephone banking transactions	No.	67,100	80,200	68,900
Number of mobile banking transactions	No.	129,726,900	116,875,300	104,676,700
Rate of e-banking substitution	%	99.91	99.85	99.75
Electronic banking transaction volume	RMB billion	14,004.192	21,211,656	20,516,515
Online banking transaction volume	RMB billion	12,977,893	20,251,436	19,450,367
Mobile banking transaction volume	RMB billion	1,019.332	952.328	1,057.910

## (II) Greenhouse Gas Emissions and Energy Consumption

Indicator	Unit	2024	2023	2022
Total GHG emissions (Scope 1 and 2)	Tons of CO <sub>2</sub> equivalent	56,321.26	56,412.70	181,280.83
Direct GHG emissions (Scope 1)	Tons of CO <sub>2</sub> equivalent	3,463.80	3,586.64	3,184.02
Indirect GHG emissions (Scope 2)	Tons of CO <sub>2</sub> equivalent	52,857.46	52,826.06	178,096.80
GHG emission intensity	Tons of CO <sub>2</sub> equivalent / m <sup>2</sup>	0.07	0.07	0.24
Total energy consumption	MWh	128,792.75	116,187.74	431,414.95
Energy consumption per unit area	MWh /m <sup>2</sup>	0.15	0.14	0.57
<b>Direct Energy Consumption</b>				
Natural gas consumption	m <sup>3</sup>	923,769.38	773,699.38	825,250.12
Gasoline consumption	Liters	606,918.03	844,719.13	622,186.35
Diesel consumption	Liters	7,917.64	19,085.56	8,109.96
<b>Indirect Energy Consumption</b>				
Outsourced conventional power consumption	kWh	84,368,090.45	76,824,916.11	72,337,251.70
Outsourced green power consumption	kWh	334,603.00	1,583,437.47	94,204.30
Data center power usage effectiveness (PUE)	/	1.316	1.323	1.359

## (III) Pollutant Discharge

Indicator	Unit	2024	2023	2022
Particulate matter <sup>7</sup>	Tons	0.06	0.05	0.06
Sulfur dioxide	Tons	0.38	0.32	0.34
Nitrogen oxides	Tons	9.53	7.98	8.52

#### (IV) Waste Management

Indicator	Unit	2024	2023	2022
Total waste generated	Tons	10,770.66	9,290.35	6,595.50
Total non-hazardous waste generated	Tons	10,735.22	9,264.50	6,577.98
Household waste	Tons	8,060.71	6,994.89	4,936.82
Food waste	Tons	2,590.71	2,195.11	1,517.06
Office supplies waste	Tons	3.02	6.58	62.23
Non-hazardous electronic waste	Tons	80.79	67.93	61.88
Total amount of hazardous waste <sup>8</sup>	Tons	35.44	25.84	17.52
Toner cartridges, ink cartridges	Tons	35.44	25.84	17.52
Non-hazardous waste generated per unit area	Tons/m <sup>2</sup>	0.0126	0.0113	0.0087
Hazardous waste generated per unit area	Tons/m <sup>2</sup>	0.000042	0.000032	0.000023

#### (V) Water Resources Management

Indicator	Unit	2024	2023	2022
Total office water consumption	Tons	600,694.74	574,932.10	525,778.38
Water consumption per unit area	Tons/m <sup>2</sup>	0.70	0.70	0.70
Data center water usage effectiveness (WUE)	/	2.036	2.078	2.286

#### (VI) Paper Management

Indicator	Unit	2024	2023	2022
Credit card electronic statement usage rate	%	100	100	100
Paper saved by electronic credit card statements <sup>9</sup>	Tons	32.07	31.82	32.90

<sup>7</sup> Particulate matter, sulphur 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

<sup>8</sup> Hazardous waste is mainly waste toner cartridges. Toner cartridges are calculated based on a gross weight of 0.8 kg/piece. Particulate matter, sulphur 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

<sup>9</sup> Paper bills are calculated based on 4.3659 grams/sheet and 229,047 sheets/ton (applicable below)

Paper saved in office system operation	Tons	46.50	44.80	45.20
Paper saved by the electronic voucher data pilot project	Tons	2.40	2.39	1.43
Paper saved by paperless reimbursement	Tons	4.60	3.22	2.82

## Chapter IV Society: Working Together to Build a Beautiful Home of Mankind

CZBank sticks to the purpose of finance, constantly innovates financial services, protects the rights and interests of customers, provides care and personal development support for employees, contributes to public welfare undertakings, and works with all parties concerned to build a beautiful home of mankind.

### I. Innovating Digital and Intelligent Financial Services

Based on its development strategy and operational characteristics, the Bank innovates digital and intelligent financial products and creates the "Digital Intelligence CZBank" brand to encourage bank-wide efforts to optimize the supply of financial services and improved service convenience.

#### (I) Comprehensively Developing a Digital and Intelligent CZBank

The Bank further promotes digital reform with a focus on scenario-based finance construction, firmly ensures safe production and operation, comprehensively enables product innovation, model reshaping and business management transformation, and continues to improve the "Digital Intelligence CZBank" brand, providing digital and intelligent support for high-quality business development across the Bank.

<b>Enriching digital financial services and products</b>	We have optimized the big data marketing platform, product intelligence platform and other marketing platforms, and launched the data asset loan, technological innovation score loan, scenario certificate and other innovative products.
<b>Driving operation management digitalization</b>	The Bank have initiated the construction of an integrated digital collaboration system and optimized the enterprise-level risk management platform. It has released its digital avatar called "Zhiying" and built an information resource center named "Zhe Xiao Zhi".
<b>Fully integrating into the broader digital economy</b>	We actively deepen technical cooperation, data integration and system construction with more than 30 government agencies, and have created and improved the Jinfubao comprehensive digital service platform for micro and small businesses, digital charity platform, smart trading service platform and other platforms.
<b>Improving the underlying technical capability</b>	The Bank continues to improve the data governance system, fully implement the "Upgrading Chips and Consolidating Foundations" project to strengthen the digital and intelligent operation and maintenance infrastructure, improve the local disaster recovery system, and iteratively upgrade the "One Foundation and Five Platforms" cybersecurity architecture.

In 2024, we published more than 20 papers, publications and white papers, obtained more than 40 invention patents and 6 software copyrights, and participated in the formulation of more than 50 standards at home and abroad. We won more than 20 honorary awards, such as the "Financial Cybersecurity Capability Maturity Rating Demonstration Institution Award", the "Digital Finance Gold Award", the "Financial Innovation Pioneer Award", as well as the "Star

Of Innovation in Fintech Award" from Global Finance . Our cybersecurity protection system won the “Second Prize of Financial Technology Development Award” by the People's Bank of China, and our digital map of data center (Tern system) was selected as a pilot and demonstration project of cybersecurity technology application by 13 ministries and commissions, including the Ministry of Industry and Information Technology.

## (II) Exploring New Financial Service Scenarios

With the principle of "customer first, experience first and scenario first", the Bank actively integrates digital technologies such as big data, cloud platform and artificial intelligence into product innovation, marketing operation, risk prevention and control, experience optimization and other areas, promotes digital and intelligent transformation of business processes, and achieves a number of digitalization milestones that can be widely promoted. Additionally, we continue to strengthen our digital investment research capabilities, step up basic research on cutting-edge technologies such as AIGC and LLMs, scenario application and cooperation, quickly turn research results into business value, and explore new channels, new approaches and new opportunities for scenario-based finance services.

<p><b>Big data technology</b></p>	<p>The Bank integrated and applied various data such as tax, industry and commerce, justice and credit data to establish a customer labelling system and a panoramic customer profile. It continues to strengthen big data risk monitoring and early warning capabilities, establish a big data risk control system covering the entire lifecycle of business, build risk control models for customer onboarding, rating, risk-based pricing, and credit measurement, and achieve online digital and intelligent credit business risk management and early warning, so as to provide a strong risk control over the supply chain finance, inclusive finance for micro and small enterprises, retail credit business, cross-border financing, and other businesses.</p>
<p><b>Cloud platform</b></p>	<p>The Bank employs both "domestic infrastructure cloud" and "general cloud" to develop its infrastructure, effectively improving the supply capacity of resources. It gives full play to the strength of cloud computing such as high reliability and rapid scalability, so as to improve the level of automation and intelligence of underlying platforms. It also regularly carries out disaster recovery drills for important business systems to verify their disaster recovery capabilities such as cross-center load balancing and one-click failover, effectively ensuring the stable operation of the business systems.</p>

<p><b>Artificial intelligence</b></p>	<p>The Bank builds an AI platform to integrate various public AI capabilities such as OCR, NLP and ASR, enables unified model management, resource scheduling and service portfolio innovation, and gradually forms a bank-wide AI service hub for providing AI services in dozens of business scenarios. We constantly refine our AI algorithms and iteratively improve various risk control models. For anti-money laundering, we have set up a platform to enable all-round monitoring , scenario-based analysis, precise identification and intelligent control of money laundering risks.</p>
<p><b>Case: Building a digital charity platform underpinned by blockchain technology</b></p> <p>In order to accelerate the integrated development of public welfare and philanthropy, the Bank built a digital charity platform and used blockchain technology to make information accessible, transparent and traceable, providing digital support for organization management, donation, public welfare activities and voluntary services, breaking the boundaries of traditional charitable financial services, and promoting a new model of public welfare and philanthropy. As of the end of 2024, the platform had been adopted by 25 institutions from four provinces including Zhejiang and Fujian to carry out 39 charity projects, manage donation funds of RMB250 million, recruit more than 4,000 volunteers and help 3,000 people. In November 2024, this project won the “Third Prize of Financial Technology Development Award” by the People's Bank of China.</p> <div data-bbox="609 1001 1015 1268" data-label="Image"> </div> <p>Figure: “Third Prize of Financial Technology Development Award” by the People's Bank of China to the Bank's digital charity platform</p>	
<p><b>Case: Launching the online digital and intelligent "CZBank FX Trading Platform”</b></p> <p>Considering the exchange rate management needs of enterprises engaging in foreign trade, the Bank launched the innovative online platform "CZBank FX Trading Platform" to provide full-lifecycle exchange rate management services. It offers online service processes, covers all trading hours, and supports all transactions in all scenarios, thereby providing a new intelligent foreign exchange management approach for enterprises. In addition, the Bank employed technological means to launch the "CZBank Data Pledged Loan", so as to reduce the cost and increase the efficiency of exchange rate hedging. In November 2024, the “CZBank FX Trading Platform” project won the “Third Prize of Financial Technology Development Award” by the People's Bank of China.</p>	





Figure: “Third Prize of Financial Technology Development Award” by the People's Bank of China to the “CZBank FX Trading Platform” project

### (III) Improving Digital and Intelligent Service Experience

Adhering to the "customer-centric" service concept, CZBank actively innovates the application of Fintech, optimizes customer experience and satisfaction, and improves the quality and efficiency of financial services through online and offline integration.

In 2024, the Bank upgraded and released Mobile Banking App 6.0 with the theme of "Smart, Inclusive, Ethical and Professional" to continue improving mobile financial service capabilities and optimize customer experience. Focusing on "digital and intelligent wealth", the mobile banking service provides customers with various benefits by providing personalized portfolio suggestions, E2E service navigation, and a series of benefit modules such as "Preferential Shopping", "Preferential Offerings" and "Preferential Activities". The mobile banking service offers exclusive features such as "CZBank Charity", "Edition for Elderly", "Payroll" and "Special Branch Service" to increase the satisfaction of various customer groups through refined operations.

As of the end of 2024, the number of mobile banking customers reached 7.227 million, with a year-on-year growth of 18.83%. The app received many awards, such as the "Leader in Corporate Standards Award" for mobile finance clients in 2023, the "Tianji Award for Outstanding Mobile Banking App" by Securities Times in 2024, and the "London Design Award Gold Winner" for Mobile Banking App 6.0.



Figure: Mobile Banking App 6.0



Figure: Home page of Mobile Banking App 6.0



Figure: Mobile Banking App 6.0 elderly customer edition

The Bank continues to build its customer service capability using video functionalities for retail banking, private banking, small loan and other services in scenarios such as over-the-counter service recording and remote service recording. This aims to protect customer rights, improve service convenience and ensure compliant operation. In 2024, the Bank promoted "Over-The-Counter Service Recording 2.0" across the bank to comprehensively record business processes, effectively improving the transparency and security of transactions, reducing potential risks, and protecting the rights and interests of both customers and the Bank. In addition, the Bank launched the "Remote Service Recording 2.0" and remote authorization via self-service machine functions to provide users with convenient services. "Remote Service Recording 2.0" enables service delivery through video conferencing, significantly saving the time needed for customers to visit business outlets. The remote authorization function of the self-service machine enables rapid responses to customers' complex business requests, ensuring smoother and more efficient service experience.

## **II. Strongly Protecting the Rights and Interests of Customers**

CZBank adheres to the people-centric value orientation and constantly optimizes its consumer protection system and service processes, practically safeguarding consumers' rights and interests.

### **(I) Consumer Protection System**

CZBank upholds the mission of "people-oriented finance and customer protection", adheres to the people-centric value orientation, comprehensively implements laws, regulations and regulatory requirements such as the Law of the People's Republic of China on the Protection of Rights and Interests of Consumers and the Administrative Measures for the Protection of Consumers' Rights and Interests by banking and Insurance Institutions, formulates policies and systems related to consumer protection, regularly holds meetings on consumer protection, and constantly optimizes the entire service management process including service consultation, product sales, complaint handling, and consumer protection review.

The Bank's senior management puts forward the overall plan to develop a sound consumer protection system, and defined the responsibilities of the Board of Directors and its Consumer Rights Protection Committee as well as the senior management for consumer protection based on the Administrative Measures of CZBank on Consumer Protection. The Bank's consumer protection policies include: the Measures of CZBank for the Evaluation and Review of Consumer Protection, the Measures of CZBank for the Management of Consumer Financial Information, the Measures of CZBank for the Management of Customer Complaints, the Measures of CZBank for the Management of Financial Knowledge Education and Publicity, the Measures of CZBank for the Management of Marketing and Publicity Behavior, the Implementation Rules of CZBank for the Assessment and Evaluation of Consumer Protection, the Emergency Plan of CZBank for Consumer Protection, the Emergency Plan of CZBank for Major Customer Complaints, the Emergency Plan of CZBank for Consumer Financial Information Protection, and the Basic Norms of CZBank for Settling Financial Disputes via Dispute Settlement Mechanism.

The Bank has established a prior review mechanism for the protection of financial consumers' rights and interests, and clarified the review subject, scope, key points, process and other contents in the *Measures of CZBank for the Evaluation and Review of Consumer Protection*. The Bank's new products or services involving individual consumers are subject to consumer protection review before they are launched and changed significantly. The scope of consumer

protection review includes but is not limited to policies and systems, notices and announcements, marketing materials, and pre-risk prevention and control, which aims to ensure business development compliance.

In 2024, the Bank updated and issued the *Consumer Protection Assessment and Evaluation Form of CZBank (for Head Office Departments)* and the *Consumer Protection Assessment and Evaluation Form of CZBank (for Branches)*. Our assessment indicators comprehensively cover information disclosure, appropriateness management, business partner management, complaint handling, education and publicity, training and evaluation, protection of special consumer groups, and so on, while focusing on key businesses and key tasks where the rights and interests of consumers in the banking industry are often infringed on.

The Bank continues to carry out employee education and training on financial consumer protection. During the reporting period, 934 relevant training sessions were delivered to 126,000 trainees. The Bank's consumer protection training includes key legal norms and regulatory provisions, internal policies and requirements, analysis and interpretation of typical cases and so on, covering key consumer protection areas such as personal information protection, financial knowledge education and publicity, complaint handling, marketing, operation specifications, and consumer protection review. The Bank also carries out consumer protection related training covering all employees based the types and needs of their jobs.

## **(II) Ensuring Fair Marketing**

CZBank has formulated several internal policies to standardize the marketing and publicity activities and ensure that they are legal, compliant, fair and appropriate.

In accordance with the *Measures of CZBank for the Management of Marketing and Publicity Behavior*, the Bank clarifies the marketing and publicity norms, emphasizes the management requirements for personnel and business partners engaging in marketing and publicity, and requires that marketing and publicity should be authenticity, fair, and appropriate. In 2024, the Bank carried out reexamination of marketing materials to strictly regulate marketing activities.

The Bank has formulated the *Implementation Rules of CZBank for the Management of Marketing and Publicity of Retail Financial Business* to manage and supervise the marketing and publicity activities of the retail financial business line, fully respect the true will of consumers in the marketing process, and prohibit bundle sales, misleading sales and other behaviors that violate laws and regulations or damage public order and moral. In terms of sales appropriateness management, the Bank has formulated the "Measures of CZBank for the Investor Suitability Management for Wealth Management Business" in accordance with relevant laws and regulations, which defines a five-category wealth management product classification mechanism, a financial consumer classification mechanism, as well as the form, content, channel and other elements for risk tolerance evaluation. We strictly implement the principle of "appropriateness matching" in the sales process to sell only products in line with the risk tolerance of different financial consumers.

## **(III) Protecting Privacy and Information**

CZBank has established a data security management organizational structure consisting of the Party Committee, the Board of Directors, senior management, and so on. All departments of the Head Office have implemented the data

security requirements according to the division of responsibilities. The Head Office's Technology Management Department, as the centralized management department of data security and the main department responsible for technical protection, is responsible for organizing the monitoring and handling of negative public sentiments on the Bank due to data leakage, counterfeiting, fraud and other issues. The Head Office's Risk Management Department is responsible for incorporating data security risk into the overall risk management system. The Head Office's Internal Control and Compliance and Legal Affairs Department is responsible for incorporating data security into the internal control evaluation system. The Head Office's Audit Department is responsible for bank-wide data security and risk management audit.

The Bank formulated the Implementation Rules of CZBank for Data Security Risk Assessment and the Implementation Rules of CZBank for Outbound Cross-border Data Transmission Security Management to define the content of impact analysis on personal information protection, clarify the pre-assessment process and working mechanism for data processing activities, and increase the requirements for personal information protection. The Bank revised the Measures of CZBank for the Management of Information System Production Data Request (2024) and the Measures of CZBank for the Management of External Data (2024) to further strengthen security requirements for data processing activities such as external data collection and internal data usage. In terms of information security prevention and response mechanism, the Bank formulated emergency plans for network security and data security, as well as emergency plans for information technology, and regularly carries out relevant drills. In case of an incident, the Bank handles and reports it in a timely manner in accordance with relevant plans and regulations, and informs consumers to fulfill its obligations.

#### **Information Security Training Carried Out during the Year**

- The Bank arranged online learning and examination on the *Measures of CZBank for Data Security Management*. The bank-wide training included full-lifecycle data security protection requirements, security requirements covering data collection, transmission, use, storage, and deletion, as well as compliance tips.
- We carried out bank-wide online cybersecurity training that covered the cybersecurity landscape and typical risks, cybersecurity risk cases and prevention and control measures, so as to further underline cybersecurity and personal information protection requirements.
- We organized online training on important provisions of the *Network Data Security Management Regulations* to specifically interpret the personal information protection chapter that specifies the obligation to inform users, requirements for consent, exercise of personal rights and other provisions, so as to raise employees' awareness of the national regulations. The training covered all employees of the technology business line. Some other employees voluntarily participated in the training as well, increasing the training coverage rate to 123%.
- We conducted two internal attack and defense drills and two bank-level and one branch-level phishing email drills. During the bank-level drills, 3.44% of the email recipients were tricked, significantly lower than that of the previous year, which indicates that our employees have a greater awareness of phishing.

## **1. Reporting Major Events**

The Bank has clarified the process of reporting major events in its system. It requires employees to immediately report any suspicious privacy and information security matters to the head of secondary center and the head of department. According to the "horizontal + vertical" reporting mechanism, the matters should also be reported "horizontally" to the competent business department, risk management department, security department and other related departments according to business and system dependence, and "vertically" to the chairman, president, head of branch, general office, and superior business line management department. In addition, the Bank has incorporated the data security and cybersecurity scenarios into the internal control scoring standards according to which violating employees are subject to points deduction, so as to strengthen their awareness of data security and cybersecurity protection.

## **2. Collecting and Retaining Information**

The Bank has defined the principles and specific requirements for data collection and data retention in its data security and consumer protection policies and various business operation specifications to prevent excessive collection and overdue retention of customer data. The Bank has established a privacy compliance detection mechanism for mobile banking services to detect the frequency and scope of data collection, so as to ensure that the scope and frequency do not exceed limits. In addition, we have established a regular sensitive data scanning mechanism for office terminals, and perform document scanning on office terminals irregularly to ensure that they contain no sensitive data. We carry out personal information protection inspection and assessment on a yearly basis, covering the entire data lifecycle of data collection, data storage, and so on, aiming to strengthen the personal information protection requirements and promote the timely rectification of relevant problems.

## **3. Preventing IT System Interruption**

The Bank has established an organizational system for business continuity management consisting of the Board of Directors, the senior management, the business continuity management committees of the Head Office and branches, the Risk Management Department, the Information Technology Department, competent business departments, the Security Department and the Audit Department, and continuously improves its business continuity management system. The Bank keeps improving the "horizontal + vertical" reporting mechanism, continues to strengthen the construction of local disaster recovery facilities, improves the active-active backup of local installed systems, and establishes mechanisms such as long-period rotation and regular drills. All these measures aim to optimize and practice emergency failover for disaster recovery.

## **4. Preventing Network Attacks**

The Bank has established a sound network security management system and formulated 11 management policies, including the *Opinions of CZBank on the Implementation of Network Security Responsibilities (2022 Edition)* and the *Measures of CZBank for Network Security Management (2024 Edition)*. The Bank leverages the "One Foundation and Five Platforms" cybersecurity architecture (i.e. robust security defense basis, security landscape awareness platform, secure operation platform, secure asset platform, threat intelligence platform, and security verification platform) to build a cybersecurity protection system that covers all assets, processes, lines, areas and features quick warning, response, and handling, so as to detect, prevent, and control cybersecurity issues in an automatic, intelligent, accurate,

and effective manner. This has helped the Bank achieve "zero accident" in important periods and prevent "loss of points" in all previous attack and defense drills. As of the end of 2024, the Bank had obtained ISO27001, ISO27701, ISO20000 and ISO22301 certification, as well as management standards certification such as DevOps continuous delivery maturity and CMMI3 software maturity certification.

## **5. Performing Emergency Drills**

The Bank has established a fine emergency response system and a management system to ensure business continuity, cybersecurity and data security. It regularly conducts business continuity emergency drills such as active/standby failover and system restart, emergency drills with regard to cybersecurity events such as DDoS attacks, remote command execution attacks, phishing email attacks, and emergency drills concerning data security events such as data leakage and data tampering, and provides relevant training. These efforts have effectively raise employees' awareness of emergencies and enabled them to adequately respond to emergencies.

## **(IV) Protecting Customer Funds**

CZBank enhances intelligent system operation and maintenance guarantee, upgrades the event control and anomaly monitoring system, improves anti-fraud and anti-attack capabilities, in order to protect customer accounts and funds. In 2024, the Bank strengthened multi-party cooperation to effectively detect and alert on fund security issues through the online financial risk prevention and control system.

### **Customer Fund Protection Achievements**

- In 2024, based on the public security department's early warning list on potential victims and gambling activities, the Bank intercepted 4,779 suspicious transfer transactions from the victims, with a total amount of about RMB267 million.
- Based on the data of high-risk telecom sim cards, the Bank intercepted 213 transactions of victims for transferring RMB10.2399 million, and intercepted 1,385 fraud or gambling-related transactions amounting to RMB19.4493 million.
- Leverage the rosters provided by the public security department and telecom service providers, we identified 161 suspicious bank cards issued by the Bank.
- Our event control system automatically identified and intercepted 2,399 high-risk transactions to transfer RMB1.437 billion, identified and rejected 4,864 high-risk login requests, identified and blacklisted 408 devices, and intercepted 22,240 abnormal transactions through facial authentication.

## **III. Delivering High-quality Customer Services**

CZBank regards service as its foundation, adheres to the purpose of "delivering people-oriented financial services", comprehensively improves the quality and efficiency of services, forges a brand image of high-quality financial services, provides customers with a great variety of convenient services, and constantly broadens service coverage and options. Through these practical actions, we have started a new chapter of high-quality services.

## **(I) Developing High-quality Services**

The Bank endeavors to improve quality service, by increasing employee competency, continuously strengthening the service level of business outlets, constantly and developing the customer service workforce. All these aim to provide customers with better and more efficient financial services for greater customer satisfaction.

<b>Increasing payment convenience</b>	The Bank has established an omni-channel cash service reservation channel, carries out change exchange regularly, and proactively provide the door-to-door exchange services, the exchange brokerage service and other services, which have widely praised by customers. The Bank's effort to takes multiple measures to improve the payment service for foreigners in China has been recognized by Payment & Clearing Association of China as an excellent business case. The change packet product we designed won the best design award in the "Change Packet" design competition among the banking institutions in Zhejiang province.
<b>Ensuring accessibility at outlets</b>	We have installed assistance buttons, wheelchair ramps and other facilities to ensure that special customers such as disabled people can enter our outlets easily. We have also prepared special waiting areas, moveable form filling tables, braille cards, handwriting boards, wheelchairs, and so on to provide a caring and convenient environment for greater customer satisfaction.
<b>Stepping up publicity and education</b>	<p>During traditional Chinese festivals, the "March 15 Consumer Rights Day", the "Financial Education and Publicity Month", and other festivals, the Bank arranges various financial knowledge publicity activities such as "Publicity in Communities" and "Publicity in Parks" using leaflets, display boards, micro salons in outlets, and other means, so as to increase customers' awareness of risk prevention.</p> <p>We innovatively combined anti-fraud cases and traditional myths to create the "Zhong Kui Descending to Overwhelm Frauds" drama, which won the second prize in Zhejiang Short Anti-fraud Video Competition in 2024.</p>
<b>Delivering the "last mile" service</b>	We firmly implement the customer-centric principle of providing flexible services based on actual needs while preventing risks, make every effort to offer green channels for special customers, and deliver door-to-door services for customers who cannot visit our business outlets due to health issues or accidents.
<b>Improving the first aid capability</b>	We actively raise employees' safety awareness and carry out first aid training on cardiopulmonary resuscitation, AED usage and other related knowledge. As of the end of 2024, a total of 1,615 employees had obtained first aid qualification certificates.



Figure: First aid training in our Jinan branch

### Case: Recovering fund through bank-police cooperation

In November 2024, CZBank Lanzhou branch detected a potential fraud when handling the request of an elderly customer for transferring a large deposit receipt. Our employees quickly persuaded the customer to stop the transfer, reported the case to the anti-fraud center and police, and briefed the customer's family member on the case. The family member found at a later time that the customer was cheated and transferred RMB200,000 via POS after returning home. When getting to know the issue, Lanzhou branch quickly contacted the local police, and work with them to successfully recover the fund of RMB 200,000. Soon after, the customer's family member presented a silk banner to the branch to express their gratitude.



Figure: Customer's family member presenting a silk banner to express their gratitude

## (II) Optimizing Customer Complaint Handling

CZBank strictly implements the requirements of the National Financial Regulatory Administration, establishes and improves the complaint management system, continues to handle complaints properly, and earnestly protects the legitimate rights and interests of consumers.

The Bank ensures the proper operation of the “one-click call transfer” feature of the 12378 supervision hotline and puts in place the financial consumer protection service platform for handling complaints. It optimizes the customer complaint management system in a timely manner, and arranges special personnel to handle, transfer and handle relevant complaints, so as to prevent complaints from escalating.

The Bank attaches great importance to complaint management to ensure that customer complaints are received in a timely manner, transferred smoothly and handled efficiently. The customer complaint management system has been



able to receive and report through all available online channels. We actively carry out retrospective rectification, strengthen the empowerment supervision over branches, circulate business line-specific complaints on schedule, and step up internal consumer protection performance assessment. In 2024, the Bank received and handled 131,562 complaints in total, with both the customer complaint handling rate and settlement rate reaching 100%.

Distribution of complaints (excluding those from the Head Offices<sup>10</sup>) by region:

Region	Number of complaints	Region	Number of complaints	Region	Number of complaints
Shanghai branch	2,100	Shenyang Branch	629	Huzhou Branch	189
Hangzhou Branch	2,067	Ningbo Branch	605	Jiaxing Branch	186
Chongqing Branch	1,897	Changsha Branch	592	Taizhou Branch	166
Beijing Branch	1,411	Tianjin Branch	536	Hohhot Branch	118
Zhengzhou Branch	1,274	Wenzhou Branch	504	Guiyang Branch	98
Guangzhou Branch	1,205	Lanzhou Branch	466	Fuzhou Branch	70
Nanjing Branch	1,070	Wuhan Branch	368	Quzhou Branch	68
Jinan Branch	975	Shaoxing Branch	317	Lishui Branch	58
Chengdu Branch	911	Jinhua Branch	258	Zhoushan Branch	26
Xi'an Branch	793	Hefei Branch	251	Taiyuan Branch	23
Shenzhen Branch	789	Qingdao Branch	238	Nanning Branch	23
Suzhou Branch	643	Nanchang Branch	215		

Distribution of complaints by category:

Category	Number of complaints	Category	Number of complaints
Bank card complaints	59,200	Bank agency business complaints	984
Loan complaints	31,212	Self-operated wealth	890

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10. The Head Office received 110,423 complaints

		management complaints	
Debt collection complaints	20,257	Complaints related to precious metals	875
Payment settlement complaints	7,364	Complaints related to RMB savings	709
Personal financial information complaints	5,392	Forex-related complaints	260
Other complaints	3,363	National treasury	28
Other intermediary business complaints	1,009	Complaints related to RMB management	19

### **(III) Increasing Customer Satisfaction**

CZBank adheres to the customer-centric service concept, formulates customer satisfaction assessment indicators, builds a satisfaction survey system, and monitors all unsatisfactory transactions, thereby identifying customer service issues of service personnel and continuing to strengthen training, understanding customers' service needs, enabling informed business system optimization, and facilitating communication between customers and all business departments of the Bank. We continuously pinpoint service problems, address experience issues, and explore service development paths, so as to constantly improve customer service experience. In 2024, the satisfaction toward the call attendants of the Bank's 95527 customer service hotline reached 99.81%.

## **IV. Optimizing the Career Development Platform**

CZBank adheres to the people-oriented principle and attaches great importance to talent development. On the basis of fully protecting the rights and interests of employees, it has built a systematic, professional and diversified talent development system, focusing on the key improvement of core skills of employees at different stages, constantly improving the competence of employees, and emphasizing employee communication and care to provide a sound development platform for employees.

### **(I) Safeguarding Employees' Rights and Interests**

CZBank strictly abides by relevant laws and regulations and formulates policies and systems 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. It has put in place systematic human resource management policies and systems focusing on hiring, remuneration, welfare, vacation, recruitment, and promotion, so as to provide employees with a fair, just and open career development system to ensure that employees have equal access to diversified career development opportunities.

We actively fulfill our social responsibility of "stabilizing employment and protecting people's livelihood" and take a number of practical measures to ensure the employment of college students and special personnel. Our campus recruitment is open to current and past graduates. Most of the positions are not limited to majors to ensure equal employment opportunities. We effectively responded to the requirements of the SASAC of Zhejiang province for providing jobs to professionals after their term serving in the Asian Games Organizing Committee expires, by hiring 4 of the professionals. We also implemented the requirements of the SASAC of Zhejiang province for aiding Xizang Autonomous Region and supporting the army by offering positions to college graduates and veterans from Xizang.

The Bank adheres to the principle of diversity in terms of attracting and developing talents and follow the rule of openness, fairness and impartiality in recruitment to eliminate gender, race and other discrimination and ensure compliance with recruitment norms. During the reporting period, 48.53% of employees and 15.99% of middle and senior management were female.

We pay wages on time, make contributions to five types of insurance and the housing provident fund in full, and provide enterprise annuity, supplementary medical insurance, as well as employee health care and other benefits. We strictly abide by the statutory working hours and holidays, and protect the legitimate rights and interests of employees such as the right to take rests and vacations.

We advocate a healthy workplace environment and constantly improve the management of labor relations to protect the rights and interests of employees in accordance with the law. We resolutely prohibit sexual harassment, discrimination and other illegal and unethical behaviors, and strictly forbid the use of improper language, text, images, physical behavior or other means to offend employees. Employees encountering such illegal and unethical behaviors can immediately report to the local disciplinary inspection and supervisory department. Once the cases are verified, the offenders are severely punished, and if the cases are serious, their employment contracts are terminated.

## **(II) Facilitating Employee Career Development**

CZBank respects and supports every employee's effort to seek career growth and value, and has established a sound employee development and promotion system, set up two different career systems for marketing and management personnel, and built an "H-shaped" career path consisting of management and technical positions to enable flexible switch between management and technical careers, which effectively widen employees' career paths.

<b>Optimizing the employee development mechanism</b>	CZBank implements the "CZ Star Plan" and the grassroots job training program targeting college graduates to help them quickly adapt to the Bank's culture, gain a comprehensive understanding of the Bank's products and business processes, and lay a good foundation for the next step of career development. We have established a talent pool in line with the "Double Hundred and Double Thousand" program, which includes employees according to their position levels. We have also set up a variety of projects such as exchange and learning, appointment swap, and internal open hiring to help employees seek career development.
<b>Optimizing the</b>	The Bank has set up an integrated system for compensation, benefit, and evaluation

<b>compensation and benefit system</b>	management. Our employee assessment is based on performance to ensure accuracy. Our compensation management emphasizes both incentive and constraint, and ensures that employees with better performance and contributions get higher pays. We also provide inclusive employee benefits to extend care. The compensation and benefits are mutually complementary with different purposes. Together they form a closed-loop orderly management system that plays a major role in employment lifecycle management.
<b>Improving the employee training system</b>	Based on the bank-wide strategy and employee development needs, CZBank has established a lifecycle training path covering new employees, pivotal employees, and employees of different grades, built a four-module training system consisting of the leadership, profession, marketing and technology modules, and designed supporting resources and projects, so as to facilitate vertical promotion and horizontal job rotation of employees at all levels.
<b>Supporting employees' further education</b>	The Bank encourages employees to participate in systematic learning such as professional training, professional upskilling and academic education. In 2024, we optimized the management of external qualification certificates by adding 14 certificates and expanding the position applicability of 9 certificates. We also offer financial incentives to cover the examination fees of employees for earning 119 qualifications such as the banking professional qualifications, the Certified Public Accountant (CPA) qualifications, and Chartered Financial Analyst (CFA) qualifications.
<b>Building an outstanding internal training team</b>	The Bank pays much attention to the improvement of employees' professional competence and vigorously develop a team of excellent lecturers. In 2024, we restart the "Outstanding Lecturers and Courses" competition, selected 10 gold lecturers, and certify 100 internal trainers and 40 excellent courses to help organically improve the training system.

### **(III) Listening to Employees**

CZBank attaches great importance to the opinions and suggestions of employees, constantly optimizes its internal employee communication platform called "Hive Community", where all employees can register anonymously and "make complaints and suggestions" as a community member. This social media platform helps connect superiors and subordinates, break down departmental silos, and reveal employees' concerns, which are then addressed by relevant responsible departments in a timely manner. In 2024, we launched "Hive Community 3.0", and it received a total number of 4.03 million visits with the average daily active users increasing by 24% year on year to exceed 1,500. We also sorted out and reported employees' urgent difficulties and concerns in a timely manner, successfully helping them find solutions to 880 problems. Moreover, the "Hive Community" helped further ensure smooth whistleblowing and a sound solution mechanism based on the strategic focuses of the Bank. We also released 17 issues of *Listening to Hive Community Members* and *Hive Communication Special Report*.



Figure: "Hive Community" posters




#### (IV) Caring for Employees

CZBank strictly abides by China's policy on statutory working hours and holidays, formulates policies such as the *Measures of CZBank for Attendance and Vacation Management (2023)*, the *Notice on the Implementation of the Military Family Leave Policy*, and the *Notice on the Implementation of New Rules of Zhejiang on Marriage Leave*, and specifies that employees are entitled to annual leave, marriage leave, funeral leave, maternity leave, nursing leave, parental leave, parent caring leave, military family leave, and so on, with an aim to ensure that employees can take rests and leaves in accordance with the law.



In 2024, the Bank carried out a variety of employee activities, earnestly improve employees lives through organizing cultural and sports activities, ethics development events, and health checks and offering assistance and other support, so as to promote our distinctive efforts to develop ourselves into "a bank that the young favors" and "a bank that advocates and promotes a happy life". In 2024, the Bank provided targeted assistance to 117 employees in difficulties by offering a total financial aid of RMB576,600.

<p><b>Holding special activities</b></p>	<ul style="list-style-type: none"> <li>The Bank held the fourth "Chinese People's Police Day" event to offer first aid training, including AED usage, wound dressing, and cardiopulmonary resuscitation, for its employees from police families or military families and employees who were veterans, military support service volunteers, as well as other employees. It also officially set up the "CZBank First Aid Volunteer Team".</li> </ul>
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	<div data-bbox="722 205 1175 508" data-label="Image">A group of four people (three women and one man) standing in front of a red backdrop. They are holding gold-colored award plaques. The backdrop has the text "“总行机关志愿救护队”成立暨授牌仪式" (Inauguration and Awarding Ceremony of the Head Office Organizational Volunteer Rescue Team) and the CZBANK logo.</div> <ul style="list-style-type: none"><li>• The Bank organized special activities on the International Women's Day on March 8, including activities themed "Kind Acts for a Better Life " and “International Women's Day”. It invited Dr. Tang Limei, holder of the "National March 8th Red-Banner Pacesetter” title, to deliver a lecture to inspire and encourage female employees to explore a better life and discover their "best traits".</li></ul> <div data-bbox="748 758 1195 1041" data-label="Image">A woman with glasses and a striped shirt is leaning over a table, helping a young girl paint. They are outdoors, and there are flowers and water bottles on the table.</div> <ul style="list-style-type: none"><li>• During the "CZBank Culture Week”, we launched activities such as the “20th Bank Anniversary Carnival” and unveiled the "CZBank Reading” Pavilion.</li></ul> <div data-bbox="721 1150 1175 1421" data-label="Image">A group of five people standing in front of a large, stylized red graphic of the number "20" with "2004-2024" and "CZBANK 中国银行" (CZBANK China Bank) written on it. The text "我与浙银共成长" (I grow up with Zhejiang Bank) is at the bottom.</div> <ul style="list-style-type: none"><li>• We arranged the first CZBank group wedding ceremony for employees themed "Seeking Companion of Love and Pursuing Kind Acts".</li></ul> <div data-bbox="719 1535 1177 1816" data-label="Image">A group of people dressed in traditional Chinese wedding attire, including red and gold robes and headpieces, standing in a line.</div>
Promoting “CZBank	<ul style="list-style-type: none"><li>• In order to strongly promote a reading culture throughout the bank, we provide</li></ul>

<p><b>Reading”</b></p>	<p>employees with abundant resources and platforms, and carry out book recommendation every month. We have formed 36 "CZBank Youth Learning" groups and organized cultural salons.</p> <ul style="list-style-type: none"> <li>• In celebrating the World Reading Day on April 23 and the Youth Day on May 4, the Bank held "CZBank Youth Reading for Pleasure” events.</li> </ul> 
<p><b>Holding cultural and sports activities for employees</b></p>	<ul style="list-style-type: none"> <li>• In 2024, the Bank held “Table Tennis, Badminton, and Tennis” invitational contests, and 41 teams of 800 employees from different organizations including Hong Kong branch attended the events.</li> </ul>  <ul style="list-style-type: none"> <li>• We organized social responsibility activities themed "Responsible Conduct to Continue Improving the Society", and more than 10,000 employees participated in the activities from across the Bank.</li> </ul>  <ul style="list-style-type: none"> <li>• We also arranged a summer basketball camp for the children of employees.</li> </ul>



	
<p><b>Enriching the health care system</b></p>	<ul style="list-style-type: none"> <li>• The Bank improved the health check service package to which employees were entitled, by adding cardiovascular and cerebrovascular examinations, digestive tract examinations, and other examinations.</li> <li>• We have built a bank-wide green medical service resources platform, and engaged third-party national medical service institutions to provide medical service green channels for all employees.</li> <li>• We helped 19 health week activities, and engaged external institutions to jointly provide medical services such as "Moxibustion Patch" in summer to cure winter diseases and "Ointment and Prescription for Health Week".</li> </ul> 

## V. Contributing to Charity

Through our local branches and employee volunteer teams, we extend care for and help vulnerable groups in communities where we operate and actively participate in charitable and public welfare activities, so as to help drive social undertakings, improve social governance, and promote civilization.

### (I) Participating in Public Welfare and Charitable Activities

CZBank has set up the CZBank Public Welfare Foundation to coordinate public welfare and charitable activities across the Bank, and actively carry out public welfare activities such as donation to schools, disaster and poverty relief, and intangible cultural heritage protection. We have also created special public welfare brands such as "One Bank for One School" and "CZBank Support for PLA", with a aim to support more groups of people while making enterprise development achievements.





Figure: Inauguration ceremony of CZBank Public Welfare Foundation

<p><b>Delivering "One Bank for One School" assistance</b></p>	<p>The Bank provides assistance to 33 schools in Zhejiang's mountainous and island counties and in Guizhou, Sichuan, Gansu and other places. Based on the actual rural education conditions, we constantly innovate new ways of assistance and organize employees to participate in special activities such as lectures, summer camps, inter-regional teacher seminars. We have invested more than RMB42 million in such efforts to improve their campus environment, teaching quality, school life, and so on in an all-round way, benefiting over ten thousand students.</p>
<p><b>Developing the "CZBank Support for PLA" brand</b></p>	<p>The Bank has set up a PLA service studio to serve the purpose of "Patriotism and Support for PLA " and signed a comprehensive strategic cooperation agreement with the Department of Veterans Affairs of Zhejiang Province, in order to actively explore the model of financial services for PLA by "deepening understanding, delivering considerate services, providing practical support, building closer relations together, and implementing innovative approaches".</p>
<p><b>Upgrading "Senior Service Stations"</b></p>	<p>The Bank has developed 355 business outlets into "Senior Service Stations". In addition to rest and service stations in self-service areas, they also use their business halls and other areas to provide customers with various social services covering publicity and education, rights protection, first aid, and humanistic care.</p> <div data-bbox="764 1365 1170 1669" data-label="Image"> </div> <p>Figure: "Senior Service Station" of Hangzhou branch</p>
<p><b>Case: Helping with earthquake relief in Rikaze city, Xizang</b></p> <p>At 9:00 on January 7, 2025, a magnitude 6.8 earthquake struck Dingri county, Rikaze city, Xizang, causing heavy casualties and the collapse of a large number of houses. The disaster brought pain and sorrow to the people all over</p>	

China. After the earthquake, the Bank responded to the call of the Party and the government with practical actions, launched the emergency response mechanism immediately, donated RMB500,000 to the China Charity Federation through CZBank Public Welfare Foundation for the disaster stricken areas in Rikaze, so as to support the local emergency relief, resettlement and post-disaster reconstruction. In addition, we made every effort to deliver financial services to aid earthquake relief and people's livelihood, with an aim to ensure the victims are properly sheltered during the winter.

#### **Case: Protecting intangible cultural heritage via inclusive finance**

Adhering to the concept of "Finance + Intangible cultural heritage", CZBank promotes the integration of intangible cultural heritage and modern society with inclusive finance, enabling the development of the intangible cultural heritage industry. In Hangzhou, Mr. Song, the inheritor of the craftsmanship of "West Lake Silk Umbrella", was unable to obtain loans due to the lack of collateral. When getting to know his difficulty, CZBank's Yuhang sub-branch provided the funds needed via a "Data Asset Loan" to help convert the cultural "heritage" into a cultural "property". In Taizhou, Ms. Yang, the inheritor of the craftsmanship of "Lin Hai Paper-cutting", obtained RMB625,000 via a "Data Asset Loan" from our Taizhou branch. The fund helps revitalize the intangible cultural heritage with a history of more than 800 years. In Huzhou, Mr. Xu, the inheritor of the craftsmanship of Hubi writing brush, obtained a "Talent Support Loan" of RMB3.3 million from our Huzhou branch to help promote the intangible cultural heritage. Through innovative financial products, CZBank provides financial support for inheritors of intangible cultural heritage, enabling the maintenance and development of intangible cultural heritage.

#### **Case: Lighting up the path of others —— Delivering lectures through "CZBank's kind actions to build dreams"**

2024 marked the fifth year to fully implement CZBank's "One Bank for One School" initiative, and the 20th year of the Bank's dedication to education and public welfare undertakings. In the year, the Bank launched its first education support program and selected 20 outstanding cadres and employees to deliver lecture at Shaanxi Jieguanting Town Central Primary School, Anhui Chashui Central Primary School and other schools, where they taught music, sports, art and other courses for more than 580 class periods to promote love and knowledge, and achieved personal growth in return.



Figure: Employees delivering lectures in schools

#### **Case: Practicing "Ethics Finance" to drive digital transformation and development of charitable organizations**

CZBank's Fuzhou branch cooperated with Fujian Province Charity Federation to launch the "Charity Digital

Platform" to facilitate the digital transformation of charitable organizations, enabling online donation, digital project management, centralized data management and intelligent offices. In 2024, the platform was successfully connected to six public charitable organizations, including Fuzhou Gulou Charity Federation, to help the digital development of their charity business, which demonstrates the Bank's efforts to extend Fintech support and fulfill social responsibilities.



Figure: "Charity Digital Platform" for six charitable organizations in Fujian province

### Case: Helping disabled people and caring for vulnerable groups

In order to facilitate the convenient and safe travel of disabled people, our Beijing branch funded the installation and reinforcement of 5,000 license plates for disabled-oriented vehicles for the Dongcheng District Disabled Persons' Federation in Beijing, a practical move to fulfill its important social responsibility of caring for vulnerable groups and promoting a harmonious society. Due to the Bank's unremitting and sincere efforts to help disabled people, it was recognized as a "Caring Unit for Disabled People" by the federation in May 2024.



Picture: "Caring Unit for Disabled People" commemorative medal

## (II) Continuing to Provide Targeted Assistance

In 2024, CZBank resolutely implemented the major decisions and plans of the central and provincial Party committees on high-quality development common prosperity demonstration zones. Under the "Demonstration of One Thousand Villages and Renovation of Ten Thousand Villages" initiative, the Banks solidly promoted rural revitalization through the targeted assistance system where of the Party committee leadership was charged with

"defining tasks", the grass-roots Party organizations are tasked with "seeking targets", and the front-line Party members and cadres are responsible for "implementation" .

In accordance with the spirit of the *Opinions of the CPC Central Committee and the State Council on Adhering to and Improving the East-West Cooperation Mechanism*", the Bank delivered assistance to two administrative villages in Dazhou city, Sichuan province. During the year, we provided RMB350,000 for the vegetable and fruit greenhouse project in Luogu village, Hujia town, in order to help expand the planting scale, construct ditch and water fertilizer integration facilities, and hire more local villagers. We offered RMB413,000 to the "Yinying" cattle farm in Shaxi village, Qingxi town, in order to purchase large mixers and mechanical feeding machines, help improve the efficiency of refined beef cattle feeding, and expand the industrial chain.

The Bank gave full play to its advantages as a financial service platform, took advantage of the vision and management capabilities of cadres with years of experience in financial services, and designated special personnel and posts for targeted assistance to promote the efficient operation and sustainable development of five villages in Longyou county, Quzhou by driving more than 10 projects such as "photovoltaic power generation", "grain and oil processing" and "tea production" in each of the villages.

As of the end of 2024, the Bank had provided assistance funds of more than RMB30 million, leading to the employment of nearly 300 villagers.



Figure: "Yinying" cattle farm in Shaxi village, Qingxi town, that received the Bank's targeted assistance

## VI. Promoting Financial Knowledge

CZBank focuses on promoting financial knowledge among "elderly, youth and new customers", disabled people, people in remote areas and other key groups of people, and has innovated the "Consumer Protection+" publicity and education model to continuously improve consumers' financial literacy and risk prevention ability.

<p><b>Enriching the financial education toolbox</b></p>	<ul style="list-style-type: none"> <li>• The Bank continues to improve the influence of its "Wealth Management N Classes" consumer protection brand. The three short videos it produced, including the "Ten Sceneries of West Lake" series - Nanping Evening Bell to Alert on Illegal Fund-raising", received the "Best Communication Award" and "Excellent Works Award" in the short video contest for preventing illegal fund-raising.</li> <li>• We created a series of short videos titled "Consumer Protection Publicity in Local</li> </ul>
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	<p>Dialects", and presented "comic dialogues" and "dramas" in local dialects to promote financial knowledge and risk alerts.</p> <ul style="list-style-type: none"> <li>• We launched a live broadcast program of "Consumer Protection in Counties", and made online and offline efforts to promote financial knowledge among grassroots people. The program achieved nearly 100,000 viewers and more than 1.01 million likes, indicating its popularity.</li> </ul>
<b>Performing concentrated publicity</b>	<ul style="list-style-type: none"> <li>• The Bank organized a number of education and publicity events throughout the year, including the "March 15", "Anti-Illegal Fund-raising Publicity Month", "Special Tours to Spread Financial Knowledge", and "Financial Education and Publicity Month" events. The Bank carried out over 9,427 financial education activities to cover more than 128.57 million consumers.</li> </ul>

**Case: Innovating financial publicity and education to start a new chapter of benefiting the people with financial services**

CZBank Jiaxing branch carried out various unique financial education and publicity activities focusing on senior citizens, urban and rural residents, college students and other key target groups. In 2024, we paid much attention to the "wealth" issue that concerned people most, and organized financial investment education by way of "serving customers in business outlets in the morning and delivering financial knowledge door-to-door in the afternoon". It worked with the People's Bank of China, colleges and universities, Youth Palace and other organizations to launch events such as "Carnival at the Beginning of School Season" and "Little Banker" to promote financial knowledge in funny ways such as gaming. In 2024, Jiaxing branch arranged 19 activities to promote financial knowledge including activities in 6 schools and 10 communities. One of the activities was held in a Youth Palace and another with the People's Bank of China. The activities were attended by a total of 2,767 teachers and students.



Figure: Jiaxing branch's Party committee members joining the Dianshi Finance radio program



Figure: Jiaxing branch's financial advisers talking with a rural resident



Figure: "Anti-money Laundering Education at the Beginning of School Season" and "First Lesson on Financial Security" activity

## VII. Practicing Responsible Procurement

CZBank attaches great importance to the environmental and social impacts of its supply chain and value chain, and on top of standardizing procurement activities in accordance with laws, regulations and relevant standards, it strives to

obtain materials, products and services in the way that ensures environmental sustainability, moral practice and social responsibility.

## (I) Managing Suppliers' ESG Performance

CZBank continues to deepen supplier management in the field of centralized procurement. In 2024, it formulated the Measures of the CZBank for the Management of Suppliers for Centralized Procurement (Trial) and the Implementation Rules of CZBank for the Management of Challenges and Complaints on Centralized Procurement to further improve the supplier management system, standardize the challenge and complaint handling process, protect the legitimate rights and interests of suppliers, and ensure the fairness and impartiality of procurement. Moreover, the Bank embeds the concept of green procurement in the construction of its centralized procurement system, and deeply implements its sustainable development strategy. It also strengthens supplier risk prevention through refined daily management to promotes the concept of sustainable development.

<b>Clarifying performance duties</b>	During procurement activities, the Bank requires suppliers to sign the <i>Letter of Commitment on Supplier's Business Integrity and Performance Duty</i> to clarify the responsibilities for breach of commitments.
<b>Strengthening risk troubleshooting</b>	We leverage digital and intelligent means to strictly check supplier relationship, so as to prevent supplier dishonesty and collusion.
<b>Improving information sharing within the industry</b>	We have joined in the construction of a supplier misconduct information database for the financial industry, aiming to share supplier misconduct information and effectively reduce and prevent the risks caused by supplier behaviors during procurement.
<b>Stepping up performance assessment</b>	We evaluate suppliers based on performance assessment, reverse assessment and annual assessment, and deal with those with poor behaviors or underperforming in a timely manner to effectively ensure proper performance of suppliers.
<b>Advocating green procurement</b>	The Bank prioritizes purchasing energy-conservation and environment-friendly products on the premise of ensuring controllable product risks and availability. It sets scoring standards on environmental and social responsibilities in procurement documents, prioritize suppliers who excel in environmental protection and sustainable development provided that they meet the same quality and service standards, and promotes the concept of energy conservation, environmental protection, green and social responsibilities among suppliers.
<b>Promoting "CZBank Ethics Standard"</b>	We actively promote "CZBank Ethics Standard", guide prospective suppliers bidding for our projects to comply with the standard during project sourcing and condition setting, and prioritize suppliers meeting the standard.

## (II) Treating Small and Medium-Sized Enterprises Equally



In 2024, the Bank actively responded to the requirements of relevant laws, regulations and policies on tendering and bidding, performed social responsibilities for optimizing the business environment, treated small and medium-sized enterprises equally, and promoted fair competition in the market. During the year, there were no challenges or complaints from small and medium-sized enterprises due to overdue payment.

The Bank attaches great importance to China's policies and requirements on optimizing the business environment and promoting the development of small and medium-sized enterprises, incorporates the concept of equal treatment to small and medium-sized enterprises into the construction of its centralized procurement system and daily management norms, and ensures strict compliance during project implementation. When registering suppliers for centralized procurement, the Bank accurately distinguishes large, medium, small and micro enterprises according to the criteria for the classification of small and medium-sized enterprises approved by the State Council. We have issued the *Negative List for Fair Competition Review of Procurement Documents (Trial)* and strictly reviews and eliminates possible discriminatory clauses in procurement documents, and prevents setting enterprise size, registered capital, or other thresholds unfair for small and medium-sized enterprises.

## VIII. Social Performance

### (I) Recruiting and Hiring

Indicator	Unit	2024	2023	2022
Total number of employees	No.	20,595	19,293	17,406
Number of regular employees	No.	19,977	18,774	16,968
Number of non-regular employees (contractors)	No.	618	519	438
Labor contract signing rate	%	100	100	100
Percentage of vacant positions filled by internal hiring	%	2.95	0.84	0.73
Number of new employees	No.	2,409	2,896	3,153
Number of new female employees	No.	1,101	1,323	1,544
Number of new male employees	No.	1,308	1,573	1,609
Number of new employees under 30 years old	No.	1,053	1,205	1,254
Number of new employees aged 31-50	No.	1,347	1,679	1,889
Number of new employees over 50 years old	No.	9	12	10
Number of new domestic employees	No.	2,394	2,878	3,130
Number of new overseas employees	No.	15	18	23
Number of new grassroots employees	No.	2,390	2,875	3,131
Number of new middle and senior management employees	No.	19	21	22
Turnover rate	%	5.10	4.97	5.68
Male employee turnover rate	%	5.99	5.60	6.53
Female employee turnover rate	%	4.13	4.29	4.76
Turnover rate of employees under 30 years old	%	7.10	5.62	6.52

Turnover rate of employees aged 31-50	%	4.34	4.42	5.27
Turnover rate of employees over 50 years old	%	8.34	10.23	8.14
Turnover rate of domestic employees	%	5.09	4.96	5.63
Turnover rate of overseas employees	%	7.69	7.29	17.02
Turnover rate of grassroots employees	%	5.14	5.01	5.77
Turnover rate of middle and senior management employees	%	2.64	0.91	0.90

## (II) Diversity and Equal Opportunities

Indicator	Unit	2024	2023	2022
Number of male employees	No.	10,601	9,968	8,986
Number of female employees	No.	9,994	9,325	8,420
Number of employees under 30 years old	No.	3,940	3,949	3,758
Number of employees aged 31-50	No.	15,567	14,387	12,813
Number of employees over 50 years old	No.	1,088	957	835
Number of domestic employees	No.	20,499	19,204	17,328
Number of overseas employees	No.	96	89	78
Number of Han employees	No.	20,071	18,804	17,008
Number of ethnic minority employees	No.	524	489	398
Number of grassroots employees	No.	20,226	18,967	17,077
Number of middle and senior management employees	No.	369	326	329

## (III) Labor Code

Indicator	Unit	2024	2023	2022
Social insurance coverage rate	%	100	100	100
Trade union coverage rate <sup>11</sup>	%	97.30	97.30	97.30
Proportion of employees covered by trade unions	%	99.52	99.53	99.55
Employee absenteeism rate <sup>12</sup>	%	0.41	0.46	0.46

## (IV) Health and Safety

Indicator	Unit	2024	2023	2022
Number of working days lost due to work injury	No.	1,098	530	1,178
Number of work related fatalities	No.	1	1	0

<sup>11</sup> Trade union coverage rate = Number of branches with trade unions / Total number of branches

<sup>12</sup> 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)



## (V) Development and Training

Indicator	Unit	2024	2023	2022
Employee training expenditure	RMB Million	43.9266	42.3880	26.6403
Per capita employee training expenditure	RMB	2,132.87	2,050.11	1,530.52
Number of employee training projects	No.	1,607	1,625	1,529
Number of employees trained	No.	970,172	724,334	643,273
Proportion of employees trained	%	100	100	100
Average training hours	Hours	70.35	58.56	54.89
Average training hours for male employees	Hours	63.06	49.27	51.87
Average training hours for female employees	Hours	71.56	59.93	57.06
Average training time for ordinary employees	Hours	70.98	54.61	54.52
Average training hours for middle and senior management employees	Hours	36.57	27.28	39.37
Average online training hours	Hours	46.10	34.50	29.92
Average offline training hours	Hours	24.24	24.06	24.97

## (VI) Supply Chain Management

Indicator <sup>13</sup>	Unit	2024	2023	2022
Number of centralized procurement projects implemented in the year	No.	184	201	150
Budget amounts involved in centralized procurement	RMB billion	5.220	1.392	0.880
Centralized procurement project performance rate	%	100	100	100
Supplier review coverage	%	100	100	100
Number of potential suppliers	No.	4,427	3,593	2,854
Suppliers in the Yangtze River Delta	No.	2,523	2,032	1,660
Suppliers in Pearl River Delta	No.	513	429	310
Suppliers in the Bohai Rim region	No.	847	736	587
Suppliers in the Central region	No.	261	171	125
Suppliers in the Western region	No.	238	185	145
Suppliers in the Northeast region	No.	45	40	27

## (VII) Product Liability and Consumer Rights Protection

Indicator	Unit	2024	2023	2022
Number of new (or substantially changed) products and services reviewed (Head Office level)	No.	1,191	649	296

<sup>13</sup> The statistical data only covers the Head Office

Number of customer complaints (including those transferred by regulators)	No.	131,562	119,169	105,340
Customer satisfaction rate of the 95527 hotline service	%	99.81	99.84	99.85
Proportion of customers covered by satisfaction surveys <sup>14</sup>	%	50.01	53.63	50.85
Number of financial literacy initiatives	No.	9,427	7,000	12,000

## **(VIII) Privacy Protection and Information Security**

<b>Indicator</b>	<b>Unit</b>	<b>2024</b>	<b>2023</b>	<b>2022</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

## **(IX) Intellectual Property Protection**

<b>Indicator</b>	<b>Unit</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Cumulative number of invention patent applications submitted	No.	134	116	111
Cumulative number of patent grants obtained	No.	88	46	35
Cumulative number of software copyrights obtained	No.	46	40	31
Cumulative number of successfully registered trademarks	No.	526	509	484
Number of registered domestic trademarks	No.	450	429	402
Number of registered overseas trademarks <sup>15</sup>	No.	76	80	82

## **(X) Anti-Money Laundering**

<b>Indicator</b>	<b>Unit</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Number of anti-money laundering training sessions	No.	1,107	1,032	645
Number of employees covered by anti-money laundering training	No.	85,844	73,772	57,844

<sup>14</sup> The percentage of customers responding to the survey out of all the customers received through 95527

<sup>15</sup> Overseas trademark registration places involve ten countries or regions including Hong Kong, Taiwan, Macau, the United Kingdom, France, Germany, Switzerland, Singapore, and Japan

**(XI) Community Investment**

Indicator	Unit	2024	2023	2022
Donations	RMB Million	24.2913	22.7051	25.4808
Educational and cultural donations	RMB Million	12.2718	11.0836	17.7853
Health donations	RMB Million	2.6647	1.3535	1.4059
Others (such as helping disadvantaged groups)	RMB Million	9.3548	10.2680	6.2896
Ratio of donations to total profits	%	0.14	0.13	0.16
Employee volunteering hours	Hours	4,871	4,763	4,633

# Independent Assurance Report



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## Independent assurance report

安永华明 (2025) 专字第 70013043\_A02 号  
浙商银行股份有限公司

To the Board of Directors of China Zheshang Bank Co., Ltd.

## 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 selected data as at 31 December 2024 and for the year ended in the 2024 Sustainability Report (the "Sustainability Report").

## Selected data

The selected data in the Sustainability Report of the Bank for 2024 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)
- Donations (RMB 10 thousand)
- Percentage of female employees (%)
- Number of ethnic minority employees (persons)
- Training time per employee (hours)
- Percentage of customers participating in satisfaction surveys (%)
- Rate of e-banking substitution (%)
- Direct GHG emissions (scope I) (tons of CO<sub>2</sub> equivalent)
- Indirect GHG emissions (Scope II) (tons of CO<sub>2</sub> equivalent)
- Total energy consumption (MWh)
- Total waste generated (tons)
- Total office water consumption (tons)
- Purchased Conventional Electricity Consumption (kWh)

Our assurance was with respect to the selected data as at 31 December 2024 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 2024 Sustainability Report.





## Independent assurance report

安永华明（2025）专字第 70013043\_A02 号  
浙商银行股份有限公司

### Criteria applied by the Bank

The criteria used by the Bank to prepare the selected data in the 2024 Sustainability Report are set out in the basis of reporting of the selected data (the "Basis of Reporting") within the Sustainability Report in the accompanying the *Appendix: Basis of Reporting* (Criteria).

### The Bank's responsibilities

The Bank's management is responsible for selecting the basis of reporting, and for presenting the selected data in accordance with the basis of reporting within the 2024 Sustainability Report, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the selected data, such that it is free from material misstatement, whether due to fraud or error.

### EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the selected data as at 31 December 2024 and for the year then ended in the 2024 Sustainability Report 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* (the "ISAE 3000 (Revised)"). The standard requires 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 selected data in the Sustainability Report in order for it to be in accordance with the basis of reporting, 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.





## Independent assurance report

安永华明（2025）专字第 70013043\_A02 号  
浙商银行股份有限公司

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 or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Description of procedures performed

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

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

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the selected data in the Sustainability Report and related information, and applying analytical and other appropriate procedures.

Our work was performed at the Head Office of the Bank, 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 selected data 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 assurance report**

安永华明（2025）专字第 70013043\_A02 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 selected data as of 31 December 2024 and for the year then ended in the 2024 Sustainability Report, in order for it to be in accordance with the Basis of Reporting.

**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*

Ernst & Young Hua Ming LLP

28 March 2025

Beijing, China



## **Appendix: Basis of Reporting**

### **Green loan balance (RMB 100 million):**

The green loan balance disclosed in the 2024 Sustainability Report of China Zheshang Bank refers to the green loan balance of Zheshang Bank in accordance with the *Notice of the People's Bank of China on Revising the Special Statistical System for Green Loans (Yinfa [2019] No. 326)* at the end of the reporting period. The statistical scope includes the headquarters of China Zheshang Bank and its 35 domestic first-tier branches.

### **Large agricultural loan balance (RMB 100 million):**

The large agricultural loan balance disclosed in the 2024 Sustainability Report of China Zheshang Bank refers to the balance of large agricultural loan which was in accordance with the *Notice on the Establishment of the Special Statistical System for Agricultural-Related Loans (Yin Fa [2007] No. 246)* issued by the People's Bank of China and the former China Banking Regulatory Commission at the end of 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. The statistical scope covers the headquarters of China Zheshang Bank and its 35 domestic first-tier branches.

### **Balance of loans to SMEs (RMB 100 million):**

The balance of loans to SMEs disclosed in the 2024 Sustainability Report of China Zheshang Bank refers to loans balance at the end of the reporting period in accordance with the *Notice on Further Promoting the High-Quality Development of Financial Services for Small and Micro Enterprises in 2021 (CBIRC [2021] No.49)* issued by the General Office of the former China Banking and Insurance Regulatory Commission, and the *Notice on Issuing the Standards for Classifying Small and Medium-Sized Enterprises (MIIT Joint Enterprise [2011] No.300)* jointly 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. SMEs loans include loans to small and micro enterprises, loans to individual industrial and commercial households, and loans to owners of small and micro enterprises. The statistical scope covers the headquarters of China Zheshang Bank and its 35 domestic first-tier branches.



**Donations (RMB 10 thousand):**

The donations disclosed in the 2024 Sustainability Report of China Zheshang Bank refers to the total amount of donations by Zheshang Bank during the reporting period. The scope of donations by China Zheshang Bank includes public welfare and charitable activities that comply with the provisions of the Charity Law of the People's Republic of China. The statistical scope covers the headquarters of China Zheshang Bank, its 35 domestic first-tier branches, overseas branches, and subsidiaries.

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

The percentage of female employees disclosed in the 2024 Sustainability Report of China Zheshang Bank refers to the proportion of female employees in the total number of employees of China Zheshang Bank at the end of the reporting period, employees' gender information is sourced from their identification cards. The percentage of female employees is calculated as  $\text{Number of Female Employees} / \text{Total Number of Employees} \times 100\%$ . The total number of employees includes both formal and non-formal (labor dispatch) employees from the headquarters of China Zheshang Bank, its 35 domestic first-tier branches, and overseas branches.

**Number of ethnic minority employees (persons)**

The number of ethnic minority employees disclosed in the 2024 Sustainability Report of China Zheshang Bank refers to the total number of ethnic minority employees in the bank at the end of the reporting period. Ethnic minority is defined as 55 nationalities other than Han Chinese based on the employees' identification card. The total number of employees includes both formal and non-formal (labor dispatch) employees from the headquarters of China Zheshang Bank, its 35 domestic first-tier branches, and overseas branches.

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

Training time per employee disclosed in the 2024 Sustainability Report of China Zheshang Bank refers to the total number of hours spent by employees participating in training activities organized by the head office and branches during the reporting period divided by the total number of employees in the bank.  $\text{Training time per employee} = \text{Total hours of training activities}$

organized by the head office and branches / Total number of employees in the bank. Training activities include both online and offline training sessions organized by China Zheshang Bank. The statistical scope covers the headquarters of China Zheshang Bank, its 35 domestic first-tier branches, and overseas branches.

#### **Percentage of customers participating in satisfaction surveys (%)**

The percentage of customers participating in satisfaction surveys disclosed in the 2024 Sustainability Report of China Zheshang Bank refers to the percentage of all customers who participated in evaluations during the reporting period relative to all customers whose calls were answered by "95527", which means the percentage of customers participating in satisfaction surveys (%) = Number of customers who called "95527" were answered and provided satisfaction evaluations / Total number of customers who called "95527" and were answered × 100%. The statistical scope includes all "95527" calls made and answered in both domestic and international regions.

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

The rate of e-banking substitution disclosed in the 2024 Sustainability Report of China Zheshang Bank 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 × 100%. Electronic Banking Services refer to banking services provided to customers through the construction of financial technology platforms, utilizing intelligent terminal devices such as computers and smartphones, the internet, as well as dedicated networks established by the bank for specific self-service facilities or customers. These services include online banking, mobile banking, telephone banking, SMS banking, online business halls, ATM machines, and more. China Zheshang Bank conducts this work in accordance with the *Electronic Banking Business Management Measures (China Banking Regulatory Commission Order No. 5, 2006)*, the *RMB Settlement Account Management Measures (People's Bank of China Order No. 5, 2003)*, the *Payment and Settlement Measures (Yin Fa [1997] No. 393)*, and the *General Specifications for Information Security of Online Banking Systems (Yin Fa [2012] No. 121)*. The statistical scope includes the headquarters of China Zheshang Bank and its 35 domestic first-tier branches.

**Direct GHG Emissions (Scope 1) (tons of CO<sub>2</sub> equivalent):**

The direct GHG emissions (Scope 1) disclosed in the 2024 Sustainability Report of China Zheshang Bank refer to the total Scope 1 greenhouse gas emissions generated by the bank during the reporting period, including emissions from natural gas, gasoline, and diesel. Scope 1 emissions are presented in terms of CO<sub>2</sub> equivalent, with calculations referencing the *China Energy Statistical Yearbook 2012* by the National Bureau of Statistics, the *2005 China Greenhouse Gas Inventory Study* and the *Guidelines for Provincial Greenhouse Gas Inventory Compilation (Trial)* by the National Development and Reform Commission, as well as the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* by the Intergovernmental Panel on Climate Change (IPCC). The statistical scope includes the headquarters of China Zheshang Bank and its 35 domestic first-tier branches.

**Indirect GHG Emissions (Scope 2) (tons of CO<sub>2</sub> equivalent)** The indirect GHG emissions (Scope 2) disclosed in the 2024 Sustainability Report of China Zheshang Bank refer to the total Scope 2 GHG emissions generated by the bank during the reporting period, including emissions from purchased heat and purchased conventional electricity. Scope 2 emissions are presented in terms of CO<sub>2</sub> equivalent, with calculations referencing the "*Announcement on the Release of 2022 CO<sub>2</sub> Emission Factors for Electricity*" (Announcement No. 33 of 2024) jointly issued by the Ministry of Ecology and Environment and the National Bureau of Statistics, as well as the "*Guidelines for Greenhouse Gas Emission Accounting and Reporting for Public Building Operation Enterprises (Trial)*" by the National Development and Reform Commission. The statistical scope includes the headquarters of China Zheshang Bank and its 35 domestic first-tier branches.

**Total Energy Consumption (MWh):**

The total energy consumption disclosed in the 2024 Sustainability Report of China Zheshang Bank refers to the total energy consumption generated by the bank during the reporting period, including natural gas, gasoline, diesel, purchased heat, purchased conventional electricity, and purchased green electricity. The total energy consumption is presented in megawatt-hours (MWh), with calculations referencing the *General Principles for Comprehensive Energy Consumption Calculation* (GB/T 2589-2020) issued by the State Administration for Market Regulation and the Standardization Administration of China. The statistical scope includes the headquarters of China Zheshang Bank and its 35 domestic first-tier branches.

**Total waste generated (tons):**

The total waste disposal disclosed in the 2024 Sustainability Report of China Zheshang Bank refers to the total amount of waste generated and treated by the bank during the reporting period, including domestic waste, food waste, office supply waste, non-hazardous electronic waste, and waste toner cartridges. It is calculated in accordance with the *Appendix 2: Reporting Guidance on Environmental KPIs of How to prepare an ESG Report* issued by HKEX, the *Law of Prevention and Control of Environmental Pollution by Solid Waste*, the *Regulations on the Recycling and Disposal of Waste Electrical and Electronic Products* and the *Technical Guidelines for Domestic Waste Treatment* issued by the Ministry of Ecology and Environment. The statistical scope includes the headquarters of China Zheshang Bank and its 35 domestic first-tier branches.

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

The total office water consumption disclosed in the 2024 Sustainability Report of China Zheshang Bank refers to the total amount of water consumed for office purposes by the bank during the reporting period. The statistical scope includes the headquarters of China Zheshang Bank and its 35 domestic first-tier branches.

**Purchased conventional electricity consumption (kWh):**

The purchased conventional electricity consumption disclosed in the 2024 Sustainability Report of China Zheshang Bank refers to the total amount of purchased conventional electricity consumed by the bank during the reporting period. The statistical scope includes the headquarters of China Zheshang Bank and its 35 domestic first-tier branches.

## Content Indexes

### I. Index of the No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)

Dimension	Number	Topic	Article
Environment	1	Climate change tackling	Actively Addressing Climate Change; Addressing Climate Change
	2	Pollutant discharge	Pollutant Discharge
	3	Waste disposal	Waste Management
	4	Ecosystem and biodiversity protection	Optimizing the Green Finance Ecosystem
	5	Environmental compliance management	/
	6	Energy usage	Greenhouse Gas Emissions and Energy Consumption
	7	Usage of water resources	Water Resources Management
	8	Circular economy	Optimizing the Green Finance Ecosystem
Society	9	Rural revitalization	Exploring intra-county comprehensive financial ecological construction and Pursuing Service Excellence; Supporting Rural Revitalization
	10	Contributions to the society	Contributing to Charity
	11	Innovation-driven	Exploring intra-county comprehensive financial ecological construction and Pursuing Service Excellence; Innovating Cross-Border Financial Services; Activating Technological Innovation
	12	Ethics of science and technology	Technology Finance
	13	Supply chain security	Supply Chain Finance; Supply Chain Management
	14	Equal treatment to small	Treating Small and Medium-Sized Enterprises

Dimension	Number	Topic	Article
		and medium-sized enterprises	Equally
	15	Safety and quality of products and services	Product Liability and Consumer Rights Protection; Consumer Protection System; Ensuring Fair Marketing; Developing High-quality Services
	16	Data security and customer privacy protection	Protecting Privacy and Information; Privacy Protection and Information Security
	17	Employees	Optimizing the Career Development Platform
Sustainability-related governance	18	Due diligence	Optimizing the Green Finance Ecosystem
	19	Communications with stakeholders	Stakeholder Communication
	20	Anti-commercial bribery and anti-corruption	Integrity and Anti-corruption; Anti-Money Laundering and Counter-Terrorist Financing; Business Ethics and Anti-Corruption
	21	Anti-unfair competition	Anti-Unfair Competition

## II. HKEx Environmental, Social and Governance Reporting Code

Aspect	Disclosure Requirement	Section
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Board Statement
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: <ul style="list-style-type: none"> <li>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors;</li> <li>(ii) if a stakeholder engagement is conducted, a description of</li> </ul>	About The Report

	<p>significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <ul style="list-style-type: none"> <li>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</li> <li>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison</li> </ul>	
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About The Report
Aspects, General Disclosures and KPIs	Description	Section
Aspect A1: Emissions		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>	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	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (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 emission target(s) set and steps taken to achieve them.	Greenhouse Gas Emissions and Energy Consumption
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management; Promoting Green Ideologies
Aspect A2:Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Advocating Low-carbon Operations; Optimizing Resource Management; Greenhouse Gas Emissions and Energy Consumption; Water Resources 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 Resources Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	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 target(s) set and steps taken to achieve them.	Not applicable to the Bank as it is a financial service enterprise
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Not applicable to the Bank as it is a financial



		service enterprise
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Optimizing the Green Finance Ecosystem; Actively Addressing Climate Change
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Optimizing the Green Finance Ecosystem; Actively Addressing Climate Change
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Risks and Opportunities; Actively 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.	Climate Risks and Opportunities; Actively Addressing Climate Change
Employment and Labor Practices		
Aspect 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.	Safeguarding Employees' Rights and Interests; Facilitating Employee Career Development; Recruiting and Hiring; Diversity and Equal

		Opportunities; Labor Code; Health and Safety; Development and Training
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	Recruiting and Hiring ; Diversity and Equal Opportunities
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Recruiting and Hiring ; Diversity and Equal Opportunities
Aspect 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.	Caring 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, and how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Facilitating Employee Career Development; 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

Aspect 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 when discovered.	Not applicable to the Bank as CZBank has never used child labor or forced labor.
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Managing Suppliers' ESG Performance
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, and how they are implemented and monitored.	Managing Suppliers' ESG Performance
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Managing Suppliers' ESG Performance
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Managing Suppliers' ESG Performance
Aspect 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.	Strongly Protecting the Rights and Interests of Customers; Privacy Protection and Information

		Security
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to the Bank as it is a financial service enterprise
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Strongly Protecting the Rights and Interests of Customers
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Strongly Protecting the Rights and Interests of Customers
KPI B6.4	Description of quality assurance process and recall procedures.	Not applicable to the Bank as it is a financial service enterprise
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Protecting Privacy and Information; Privacy Protection and Information Security
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Integrity and Anti-corruption; Anti-Money Laundering and Counter-Terrorist Financing ; Business Ethics and Anti-Corruption

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.	/
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Integrity and Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Integrity and Anti-corruption
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Contributing to Charity; Promoting Financial Knowledge; Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Contributing to Charity; Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment
Climate-related Disclosures		
(I) Governance		
(I) Governance	An issuer shall disclose information about: (a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities; and (b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	Climate-related Governance Structure
(II) Strategy		
Climate-related risks and opportunities	An issuer shall disclose its assessment of any climate-related risks reasonably likely to have a material effect on the issuer's business model, strategy and cash flows, its access to finance and its cost of capital, which may manifest in the short, medium or long term.	Climate Risks and Opportunities

Business model and value chain	<p>An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:</p> <p>(a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and</p> <p>(b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).</p>	Climate Risks and Opportunities
Strategy and decision-making	<p>An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:</p> <p>(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation; and</p> <p>(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph (a). An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph (a).</p>	Climate Risks and Opportunities
Financial position, financial performance and cash flows	<p>Current financial effect</p> <p>An issuer shall disclose qualitative and quantitative information about:</p> <p>(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and</p> <p>(b) the climate-related risks and opportunities identified in paragraph (a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.</p>	Climate Risks and Opportunities
	<p>Anticipated financial effect</p> <p>The issuer shall provide qualitative and quantitative disclosures about:</p> <p>(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities; and</p> <p>(b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.</p>	/
Climate resilience	<p>An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties. Specifically, the issuer shall disclose:</p>	Managing Climate Related Risks

	<p>(a) the issuer's assessment of its climate resilience as at the reporting date; and</p> <p>(b) how and when the climate-related scenario analysis was carried out.</p>	
<b>(III) Risk Management</b>		
Climate-related risks and opportunities	<p>An issuer shall disclose information about:</p> <p>(a) the processes and related policies it uses to identify, assess, prioritize and monitor climate-related risks;</p> <p>(b) the processes the issuer uses to identify, assess, prioritize and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and</p> <p>(c) the extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.</p>	Managing Climate Related Risks; Climate Risks and Opportunities
<b>(IV) Metrics and Targets</b>		
Greenhouse gas emissions	<p>An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO<sub>2</sub> equivalent, classified as:</p> <p>(a) Scope 1 greenhouse gas emissions;</p> <p>(b) Scope 2 greenhouse gas emissions; and</p> <p>(c) Scope 3 greenhouse gas emissions.</p>	Greenhouse Gas Emissions and Energy Consumption
Greenhouse gas emissions measuring method	<p>An issuer shall:</p> <p>(a) measure its greenhouse gas emissions in accordance with the <i>Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)</i> unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;</p> <p>(b) disclose the approach it uses to measure its greenhouse gas emissions;</p> <p>(c) for Scope 2 greenhouse gas emissions disclosed, disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and</p> <p>(d) for Scope 3 greenhouse gas emissions disclosed, disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the <i>Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)</i>.</p>	Greenhouse Gas Emissions and Energy Consumption

Climate-related transition risks	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	/
Climate-related physical risks	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	/
Climate-related opportunities	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	/
Capital deployment	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	/
Internal carbon prices	An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making; and (b) the price of each metric ton of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions;	/
Remuneration	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement.	/
Industry-based metrics	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterize participation in an industry.	/
Climate-related targets	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets.	Contributing to the UN Sustainable Development Goals; Climate-related Governance Structure; Goals and Progress
	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target.	/
	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	/



Note: Since the amendments to the *Listing Rules* and the *Code* (the "2024 Amendments") adopted in the *Consultation Paper on Enhancement of Climate-related Disclosures Under the Environmental, Social, and Governance Framework* will become effective for the financial years beginning on or after January 1, 2025, the Bank will pay attention to the phased approach to meet the new climate-related disclosure provisions set out in Part D of Appendix C2, and consider appropriate disclosure in the future years.

### III. GRI Standards Content Index

GRI Indicators	Interpretations	Section
GRI 1 Foundation		
1 Foundation 2021	Reporting foundations, including publishing a GRI content index, providing a statement of use, etc.	GRI Standards
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	Practicing Responsible Procurement
2-7	Employees	Optimizing the Career Development Platform
2-8	Workers who are not employees	N/A
Governance		
2-9	Governance structure and composition	Organizational Structure; Comprehensively Optimizing Corporate Governance
2-10	Nomination and selection of the highest governance body	Comprehensively Optimizing Corporate Governance
2-11	Chair of the highest governance body	Refer to the annual report
2-12	Role of the highest governance body in overseeing the management of impacts	Board Statement; Comprehensively Optimizing Corporate Governance

<b>GRI Indicators</b>	<b>Interpretations</b>	<b>Section</b>
2-13	Delegation of responsibility for managing impacts	Comprehensively Optimizing Corporate Governance
2-14	Role of the highest governance body in sustainability reporting	Board Statement; ESG Management
2-15	Conflicts of interest	Refer to the annual report
2-16	Communication of critical concerns	Stakeholder Communication
2-17	Collective knowledge of the highest governance body	ESG Management
2-18	Evaluation of the performance of the highest governance body	Refer to the annual report
2-19	Remuneration policies	Refer to the annual report
2-20	Process to determine remuneration	Refer to the annual report
2-21	Annual total compensation ratio	Refer to the annual report
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	ESG Management; Contributing to the UN Sustainable Development Goals
2-23	Policy commitments	Corporate Culture System; ESG Management; Contributing to the UN Sustainable Development Goals
2-24	Embedding policy commitments	Corporate Culture System; ESG Management; Contributing to the UN Sustainable Development Goals
2-25	Processes to remediate negative impacts	Deepening Comprehensive Risk Management
2-26	Mechanisms for seeking advice and raising concerns	Deepening Comprehensive Risk Management
2-27	Compliance with laws and regulations	Insisting on Integrity and Compliance Operations
2-28	Membership associations	Awards and Honors
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Stakeholder Communication
2-30	Collective bargaining agreements	Optimizing the Career Development Platform

GRI Indicators	Interpretations	Section
GRI 3 Material Topics 2021		
3-1	Process to determine material topics	Importance Analysis
3-2	List of material topics	Importance Analysis
3-3	Management of material topics	Importance Analysis
GRI 201 Economic Performance 2016		
201-1	Direct economic value generated and distributed	Economic Performance
201-2	Financial implications and other risks and opportunities due to climate change	Actively Addressing Climate Change
201-3	Defined benefit plan obligations and other retirement plans	Optimizing the Career Development Platform
201-4	Financial assistance received from government	Not disclosed
GRI 202 Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Not disclosed
202-2	Proportion of senior management hired from the local community	Not disclosed
GRI 203 Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	Focus: Practicing Ethics Finance to Build a New Paradigm for Modern Finance in China; Economy: Advancing Economic Progress and Improving People's Living Standards
203-2	Significant indirect economic impacts	Focus: Practicing Ethics Finance to Build a New Paradigm for Modern Finance in China; Economy: Advancing Economic Progress and Improving People's Living Standards
GRI 204 Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	Practicing Responsible Procurement; Supply Chain Management
GRI 205 Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Insisting on Integrity and Compliance

GRI Indicators	Interpretations	Section
		Operations; Business Ethics and Anti-Corruption
205-2	Communication and training about anti-corruption policies and procedures	Insisting on Integrity and Compliance Operations; Business Ethics and Anti-Corruption
205-3	Confirmed incidents of corruption and actions taken	Insisting on Integrity and Compliance Operations
GRI 206 Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Insisting on Integrity and Compliance Operations
GRI 207 Tax 2019		
207-1	Approach to tax	Refer to the annual report
207-2	Tax governance, control, and risk management	Refer to the annual report
207-3	Stakeholder engagement and management of concerns related to tax	Refer to the annual report
207-4	Country-by-country reporting	Refer to the annual report
GRI 301 Materials 2016		
301-1	Materials used by weight or volume	Practicing Green, Low-carbon Operations; Waste Management
301-2	Recycled input materials used	Practicing Green, Low-carbon Operations
301-3	Reclaimed products and their packaging materials	N/A
GRI 302 Energy 2016		
302-1	Energy consumption within the organization	Practicing Green, Low-carbon Operations; Greenhouse Gas Emissions and Energy Consumption
302-2	Energy consumption outside of the organization	Practicing Green, Low-carbon Operations; Greenhouse Gas Emissions and Energy Consumption
302-3	Energy intensity	Practicing Green, Low-carbon Operations; Greenhouse Gas Emissions and Energy

GRI Indicators	Interpretations	Section
		Consumption
302-4	Reduction of energy consumption	Practicing Green, Low-carbon Operations
302-5	Reductions in energy requirements of products and services	Actively Addressing Climate Change; Practicing Green, Low-carbon Operations
GRI 303 Water and Effluents 2018		
303-1	Interactions with water as a shared resource	Practicing Green, Low-carbon Operations
303-2	Management of water discharge-related impacts	Practicing Green, Low-carbon Operations
303-3	Water withdrawal	Practicing Green, Low-carbon Operations
303-4	Water discharge	Practicing Green, Low-carbon Operations
303-5	Water consumption	Practicing Green, Low-carbon Operations; 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	N/A; No relevant operational sites
304-2	Significant impacts of activities, products and services on biodiversity	Optimizing the Green Finance Ecosystem; Practicing Green, Low-carbon Operations
304-3	Habitats protected or restored	No relevant operational sites
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	No relevant operational sites
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	Not disclosed
305-4	GHG emissions intensity	Greenhouse Gas Emissions and Energy Consumption
305-5	Reduction of GHG emissions	Not disclosed

<b>GRI Indicators</b>	<b>Interpretations</b>	<b>Section</b>
305-6	Emissions of ozone-depleting substances (ODS)	Not disclosed
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not disclosed
<b>GRI 306 Waste 2020</b>		
306-1	Waste generation and significant waste-related impacts	Promoting Green Ideologies
306-2	Management of significant waste-related impacts	Promoting Green Ideologies
306-3	Waste generated	Promoting Green Ideologies; Waste Management
306-4	Waste diverted from disposal	Promoting Green Ideologies
306-5	Waste directed to disposal	Promoting Green Ideologies
<b>GRI 308 Supplier Environmental Assessment 2016</b>		
308-1	New suppliers that were screened using environmental criteria	Practicing Responsible Procurement
308-2	Negative environmental impacts in the supply chain and actions taken	Practicing Responsible Procurement
<b>GRI 401 Employment 2016</b>		
401-1	New employee hires and employee turnover	Optimizing the Career Development Platform; Recruiting and Hiring
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Optimizing the Career Development Platform
401-3	Parental leave	Optimizing the Career Development Platform
<b>GRI 402 Labor/Management Relations 2016</b>		
402-1	Minimum notice periods regarding operational changes	Not disclosed
<b>GRI 403 Occupational Health and Safety 2018</b>		
403-1	Occupational health and safety management system	Optimizing the Career Development Platform
403-2	Hazard identification, risk assessment, and incident investigation	Optimizing the Career Development Platform
403-3	Occupational health services	Optimizing the Career Development Platform

<b>GRI Indicators</b>	<b>Interpretations</b>	<b>Section</b>
403-4	Worker participation, consultation, and communication on occupational health and safety	Optimizing the Career Development Platform
403-5	Worker training on occupational health and safety	Optimizing the Career Development Platform
403-6	Promotion of worker health	Optimizing the Career Development Platform
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	The Bank mainly provides financial services, and is not subject to high risk of occupational diseases.
403-8	Workers covered by an occupational health and safety management system	Optimizing the Career Development Platform
403-9	Work-related injuries	Optimizing the Career Development Platform; Health and Safety
403-10	Work-related ill health	Optimizing the Career Development Platform
<b>GRI 404 Training and Education 2016</b>		
404-1	Average hours of training per year per employee	Optimizing the Career Development Platform
404-2	Programs for upgrading employee skills and transition assistance programs	Optimizing the Career Development Platform
404-3	Percentage of employees receiving regular performance and career development reviews	Not disclosed
<b>GRI 405 Diversity and Equal Opportunity 2016</b>		
405-1	Diversity of governance bodies and employees	Comprehensively Optimizing Corporate Governance; Optimizing the Career Development Platform
405-2	Ratio of basic salary and remuneration of women to men	Not disclosed
<b>GRI 406 Non-discrimination 2016</b>		
406-1	Incidents of discrimination and corrective actions taken	No incidents of discrimination
<b>GRI 407 Freedom of Association and Collective Bargaining 2016</b>		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A

<b>GRI Indicators</b>	<b>Interpretations</b>	<b>Section</b>
GRI 408 Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	No incidents of child labor
GRI 409 Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	No incidents of forced or compulsory labor
GRI 410 Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	N/A
GRI 411 Rights of Indigenous Peoples 2016		
411-1	Incidents of violations involving rights of indigenous peoples	N/A
GRI 413 Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	N/A
413-2	Operations with significant actual and potential negative impacts on local communities	N/A
GRI 414 Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Practicing Responsible Procurement
414-2	Negative social impacts in the supply chain and actions taken	Practicing Responsible Procurement
GRI 415 Public Policy 2016		
415-1	Political contributions	N/A
GRI 416 Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Strongly Protecting the Rights and Interests of Customers; Delivering High-quality Customer Services
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A
GRI 417 Marketing and Labeling 2016		



<b>GRI Indicators</b>	<b>Interpretations</b>	<b>Section</b>
417-1	Requirements for product and service information and labeling	Strongly Protecting the Rights and Interests of Customers; Delivering High-quality Customer Services
417-2	Incidents of non-compliance concerning product and service information and labeling	No incidents of non-compliance
417-3	Incidents of non-compliance concerning marketing communications	No incidents of non-compliance
<b>GRI 418 Customer Privacy 2016</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Strongly Protecting the Rights and Interests of Customers

## Feedback From Readers

Dear readers:

Thank you for reading the *CZBank 2024 Sustainability Report*. We value and look forward to hearing your feedback on CZBank's responsibility management, practices and report. Your comments and suggestions are an important basis for us to continue to promote CSR and sustainability 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 2024 Sustainability Report*?

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Please feedback your comments and suggestions in the following ways:

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