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威海银行股份有限公司 WEIHAI BANK CO., LTD.

2024 Sustainability Report



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

Stock Short Name: Weihai Bank Stock Code: 09677

# 2024 Sustainability Report





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# CHAIRMAN’S STATEMENT

2024 was a momentous and exciting year of rapid progress and fruitful harvest. The Third Plenary Session of the 20th Central Committee of the Communist Party of China sounded the clarion call for a new round of comprehensive deepening of reforms, and the Central Financial Work Conference outlined a grand blueprint for “accelerating the building of a nation with a strong financial sector”. Facing challenges and opportunities, Weihai Bank adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, united and strived, upheld integrity and innovation, seized opportunities, acted in line with the trend, integrated sustainable development principles into its strategic planning and daily operations, delivering an annual “answer sheet” of high-quality development.

**Upholding Party Leadership to Improve Corporate Governance.** Weihai Bank always remembered that “we are a financial enterprise under the leadership of the Communist Party of China”, deeply understood the political and people-oriented nature of financial work, fully promoted the organic integration of Party leadership with corporate governance and successfully completed the renewal and the appointment of a new management team, driving high-quality development through high-standard Party-building initiatives. In the field of sustainability information disclosure, we proactively align with international benchmarks to conduct in-depth research on the “Sustainability Information Disclosure Framework Based on the ISSB Standards” and release a work roadmap for sustainability information disclosure and two milestone achievements, striving to become the first mainland financial institution in China to follow the International Sustainability Information Disclosure Standards by 2025.

**Fulfilling Social Responsibility to Serve the Real Economy.** We actively fulfilled our financial responsibility to “serve, benefit and support the people”, adhering to the philosophy of “taking root in Shandong and serving with sincerity”. We prioritized the “five major areas” on the real economy as our focus, actively integrating into national strategies and proactively addressing people’s livelihood needs. In terms of green finance, we actively explore a new “Green+” synergistic development mode and continuously refine the “1+3+5+N” green financial product system. We are dedicated to supporting green and low-carbon development, with both the growth and proportion of green loans ranking among the top city commercial banks in Shandong Province. In terms of inclusive finance, we expanded service coverage by adopting a “scenario design + bulk customer acquisition” approach. In terms of technology finance, we explored and innovated an “investment-loan linkage” business model. In terms of digital finance, we launched the second phase of our digital transformation project to enhance digital marketing capabilities and intelligent risk control. In terms of pension finance, we focused on improving the service capacity for the elderly customer group, making our services more precise and effective.

**Deepening Reform and Transformation to Unleash Endogenous Dynamism.** We adhered to the “marketization, specialization, refinement and digitization” transformation direction, continuously deepening reforms in organizational structure, institutional mechanisms, strategic planning, management processes, business development, human resources and performance evaluation. We built a market-oriented marketing team, completed pilot programs for integrated operations in county sub-branches and advanced the construction of smart operation outlets. Additionally, we actively applied for various qualifications and licenses, continuously enhancing our professional capabilities and development potential.



# Chairman’s Statement

**Fortifying Compliance Defenses to Solidify Developmental Foundations.** We continuously enhanced our comprehensive risk management capabilities. We carried out the “Year of Resolute Compliance Efforts” initiative, fully leveraged the audit function as the “third line of defense”, improved the enforcement of rules and established a mechanism of “managing people by rules and handling affairs by processes”. With unwavering commitment, we built a “compliance community” across the Bank, further solidifying the foundation for high-quality and sustainable development.

**Strengthening Workforce Development to Elevate Professional Expertise.** We attached great importance to the construction of talent teams and always regarded talents as the core driving force for promoting the high-quality development of the Bank, ensuring that “professionals handle professional matters”. We have optimized our talent acquisition mechanisms, strengthened the training system and refined the incentive mechanism. Additionally, we established specialized teams in credit approval, financial markets, wealth management and technology, continuously improving their professional capabilities and overall competence.

**Cultivating a Home Culture to Elevate Workforce Well-being.** We vigorously promoted the Chinese characteristics of financial culture, advocated the values of “altruism, integrity, agility and openness”, and upheld the “customer-centric, market-oriented and striver-based” principle, fostering a clean, positive and entrepreneurial atmosphere.

Looking ahead amid an increasingly complex and volatile global economic landscape, we will focus on the “marketization, specialization, refinement and digitization” transformation direction, continue to follow ESG concepts and actively integrate into the trend of the times, embrace changes, face challenges directly, interpret responsibilities, and strive to build a “first-class city commercial bank in China”. Through high-quality financial services, we will empower the high-quality development of the economy and society, and create greater value for customers, employees, shareholders and society.

**MENG Dongxiao**  
Chairman of Weihai Bank Co., Ltd.  
March 2025



# ABOUT THE BANK

Since its establishment in 1997, the Bank has always kept in mind its original intention and mission of serving the real economy, adhered to the market positioning of “serving urban and rural residents, serving small and medium enterprises, and serving the local economy”, upheld the concept of “being rooted in Shandong and servicing sincerely”, and insisted on innovating in reform and surpassing in development, thus moving out a sustainable development path featuring ESG concept guidance. The Bank currently has nearly 130 branches and sub-branches in Jinan, Tianjin, Qingdao, etc., and is the first local legal person bank in Shandong Province to achieve “full coverage of the province” for its outlets. In 2016, the Bank was the first financial institution in Shandong Province to initiate the establishment of a financial leasing company, marking a substantial step in its integrated operation. On October 12, 2020, the Bank was successfully listed on the Main Board of the Hong Kong Stock Exchange.

The Bank has been recognized from all walks of life for its high-quality services and outstanding results. The Bank has been successively awarded honorary titles such as **“Top 10 City Commercial Banks in China”** and **“Star Prize for Brand Innovation Achievements of Enterprise Party Building in China ( 全國企業黨建品牌創新成果特等獎 )”** with the brand influence being further improved. In the future, the Bank will anchor on our “marketized, specialized, refined and digitized” transformation, by deepening the integration of ESG concepts with our business practices, contributing our financial efforts to the high-quality development of the economy and society.

In recent years, the Bank has deeply blended itself into the national strategy in green and low-carbon development with ESG practice as its core. In 2024, the Bank achieved multiple breakthroughs in ESG sector as follows:



The Bank received the highest grade of **“Class A Unit”** awarded by the Shandong Banking industry regarding ESG evaluation for **two** consecutive **years**, with the green finance indicators ranking among the top of 143 banking financial institutions across the province.



The Bank was honored with the title of **“Excellent Institution of ESG Financial Service Innovation in 2024”**. The Bank’s three major cases, namely “Easy Loan for Technology”, “Golden the Green” and “Digital Inclusion”, were selected as outstanding innovative cases in the categories of “Technology Finance of the Year”, “Green Finance” and “Inclusive Financial Services”, respectively.



The Bank remained the title as an **“Advanced Unit in Green and Low-carbon High-quality Development in Weihai City”**. The Bank’s green loans increased by nearly **45%** as compared with earlier in the year, accounting for more than **17%** of the total loans, and ranking the **top** in the province in terms of both incremental volume and percentage share.



The Bank issued green finance bonds with a size of **RMB7.0 billion** in total and innovatively launched **“Green+”** specialized products such as **“Green Agricultural Loan”** and **“Green e-chain”**, establishing a **“1+3+5+N”** green financial product system, thus to explore new patterns for collaborative development between green finance and inclusive finance and the marine economy.







The Bank implemented the nation’s first **“Marine Carbon Sink Yield Right Pledge Loan”** and other green credit tools, thus to support ecological conservation, forestry development and environmental restoration projects.









KEY PERFORMANCE FOR THE YEAR

 Economics	📍 Operating income was <b>RMB9.316 billion</b>
	📍 Total profit was <b>RMB2.506 billion</b>
	📍 Net profit was <b>RMB2.198 billion</b>
	📍 Total asset was <b>RMB441.464 billion</b>
	📍 Non-performing loan ratio was <b>1.41%</b>
 Environment	📍 Green credit balance was <b>RMB37.713 billion</b>
	📍 Green credit as a percentage of total loans was <b>17.93%</b>
	📍 Carbon dioxide equivalent (CO <sub>2</sub> e) emission reductions from green bond holdings was <b>12,700 tonnes</b>
 Social	📍 Balance of loans to SMEs was <b>RMB126.722 billion</b>
	📍 Balance of loans to MSEs was <b>RMB87.319 billion</b>
	📍 Balance of agriculture-related loan was <b>RMB24.862 billion</b>
	📍 Balance of loans to technology enterprises was <b>RMB10.114 billion</b>
	📍 Customers number of server technology enterprises was <b>1,406</b>
	📍 Female employees as a percentage of total employees was <b>55.97%</b>
 Governance	📍 Number of directors was <b>15</b> , including <b>3</b> female directors
	📍 <b>No</b> graft- and corruption-triggered incidents <b>occurred</b>
	📍 Number of person-times covered by anti-graft and anti-corruption training was about <b>13,400</b>
	📍 Number of person-times covered by anti-money laundering training was <b>5,204</b>



KEY HONORS FOR 2024



	Awarding Agency	Awards or Honors
 General	JRJ.com	"Jin Zhi Award • 2024 Outstanding City Commercial Bank"
	The "Banker" magazine	Excellent Institution of the Banker's ESG Financial Innovation in 2024
	Thinking Finance and Investor China	"Golden Bridge Award • Innovative and High-quality Commercial Bank in 2024"
 Environmental	Qilu Evening News	Best Innovative Bank in Green Finance
	The "Banker" magazine	Excellent Case of the Banker's Green Financial Innovation in 2024
	Weihai Municipal People's Government, China Communist Party Committee of Weihai	Advanced Collective in Green, Low-carbon and High-quality Development in Weihai
	Green Finance Forum of 60	GF60 Best Practice Case Honors for Green Finance Case in 2024
	China Times Newspaper	"Golden Cicada Award • Outstanding Financial Institution Empowering the Green Industry in 2024"
	Qilu Evening News	Most Socially Responsible Bank
 Social	The "Banker" magazine	"Easy Loan for Technology – Excellent Case of 'Loan' Driving New Quality Productive Forces" Wins the Excellent Case of the Technological and Financial Innovation in the Year
	The "Banker" magazine	"Innovative Case of Building a Digital Inclusion Platform to Enable High-quality Development of Inclusive Finance" Wins the Excellent Case of the Inclusion Financial Innovation in the Year
	Xinhua Finance "Xinhua Credit"	"Creating Digital Inclusive Finance to Facilitate High-quality Development of the Real Economy" Wins the Digital Inclusion Innovative Service Case Award, Xinhua Credit Inclusion Benchmark
	Zhaopin	2024 China's Best Employers – Outstanding Campus Recruitment Award
	Shandong Federation of Trade Unions	Shandong Provincial May 1st Labour Certificate
 Governance	China Culture Administration Association	Enterprise Culture Innovation and Practice Teaching Station
	China Culture Administration Association	First Prize for Excellent Cases Achievement in Cultural Strengthening of Enterprises in 2024
	China Culture Administration Association	Party Building and Corporate Culture Demonstration Unit
	Asian Financial Cooperation Association	Five Years of Cooperation – Excellence in Collaboration Award
	Shandong Enterprise Culture Association	2024 Advanced Unit of Corporate Culture Construction in Shandong Province

# COMMUNICATION WITH STAKEHOLDERS AND MATERIALITY ASSESSMENT FOR ISSUES





The Bank attaches great importance to communication with stakeholders. Based on the Bank’s relevant sustainable work practices and industry characteristics, and taking full consideration of the major groups that have significant impact on the Bank’s sustainable operations and affected by the Bank’s business activities, the Bank has identified the following six major stakeholders: banking regulatory authorities, shareholders of the Bank (including shareholders holding more than 5% shares of the Bank, other major shareholders, and small and medium-sized shareholders), customers and surrounding community residents, senior management (directors, supervisors and management personnel), employees and partners (including suppliers, financial banking institutions and sustainable development related NGOs).

In order to ensure a full and timely understanding of the concerns and expectations of stakeholders towards the Bank, and as the basis for analyzing the sustainable risks and opportunities faced by the Bank in the annual sustainability report, the Bank have carried out close communication with stakeholders through methods such as distributing questionnaires and conducting surveys and interviews.

The concerns of different categories of stakeholders, and the Bank’s means and frequency of communication with them are shown in the following table:

Stakeholders	Sustainable Issues Concerned	Means of Communication	Frequency of Communication
 Banking regulatory authorities	» Developing green finance » Practicing green operation » Actively responding to climate changes » Developing technology finance » Developing inclusive finance » Developing pension finance » Serving the real economy » Ensuring employee compensation and benefits » Promoting the balance between work and life » Smoothing communication channels for employees » Sound risk management	» Regular/irregular meetings » Issuing regulatory policies » Daily submissions and work reports	» Regular » Irregular
 Shareholders of the Bank	» Practicing green operation » Actively responding to climate changes » Maintaining business ethics » Conducting investor education	» Annual general meetings and other general meetings » Interim reports and annual reports » Corporate communication	» Regular

# Communication with Stakeholders and Materiality Assessment for Issues

Stakeholders	Sustainable Issues Concerned	Means of Communication	Frequency of Communication
 Customers and surrounding community residents	» Developing green finance » Practicing green operation » Managing the sustainable supply chain » Developing technology finance » Protecting consumer rights and interests » Protecting customer privacy » Ensuring the service quality » Ensuring the health and safety of employees » Anti-corruption and anti-money laundering	» Customer satisfaction surveys and feedback forms » Customer service/consultation » Visits by customer managers » Daily operations/communication » Online service platform » Communication via phone calls » Communication via emails	» Regular » Irregular
 Senior management	» Developing green finance » Developing technology finance » Developing digital finance » Innovating financial products and services » Practicing green operation » Serving the real economy » Ensuring the service quality » Valuing employee development and training	» Meetings of the Board of Directors and the Board of Supervisors » Meetings of the senior management » Site visits and investigations » Daily meetings and interviews	» Regular » Irregular
 Employees	» Developing green finance » Ensuring employee compensation and benefits » Practicing green operation » Ensuring the health and safety of employees » Developing technology finance	» Work performance appraise and examine » Daily meetings and interviews	» Regular » Irregular
 Partners	» Strengthening ESG governance » Developing green finance » Actively responding to climate changes » Strengthening the risk management » Developing technology finance » Developing pension finance » Developing digital finance » Serving the real economy » Smoothing stakeholder communication	» Meetings » Site visits » Cooperation projects » Public welfare activities » Activities on sustainable related forums and capacity-building platforms	» Irregular



Communication with Stakeholders and  
Materiality Assessment for Issues

ANALYSIS OF DOUBLE MATERIALITY ISSUES

In order to improve the pertinence and responsiveness of the report, the annual report has adopted the “double materiality” assessment method, and constructed the survey questionnaire for analyzing the materiality of sustainable issues combined with the top-level requirements of the “Five Major Areas” for financial work and the development strategy of the Bank. Interviews and questionnaire surveys are conducted with regulatory authorities, shareholders, customers, senior management, employees, partners, surrounding community residents, etc. and the core sustainable development issues are determined based on the survey results.

Identification



Based on the survey results from stakeholders in 2024, in consideration of various international standards and guidelines related to sustainable development including the Environmental, Social and Governance Reporting Code of the Hong Kong Stock Exchange, important sustainable issues for the industry involved by the ISSB standards and Guidelines for Financial Institutions Environmental Information Disclosure of the People’s Bank of China, and in light of banking policies and hot issues, the Bank has identified a total of 43 sustainable development related issues.

Assessment



This annual report adopts the principle of “double materiality” assessment, which considers both the impact caused by sustainability issues on Weihai Bank and whether the Bank’s performance in terms of these issues will significantly affect its stakeholders.

To understand the judgment of stakeholders on the materiality of sustainable issues, the Bank distributes questionnaires to seven major stakeholder groups to score the financial materiality and impact materiality for each sustainable development issue. A total of 571 questionnaires have been collected for stakeholder surveys, with a valid questionnaire rate of **100%**.

Screening



Based on the materiality assessment results obtained from questionnaire surveys and interviews, the materiality analysis matrix chart has been constructed to display sustainable development related issues with higher double materiality. The annual report will also focus on disclosing issues with higher materiality in its writing.

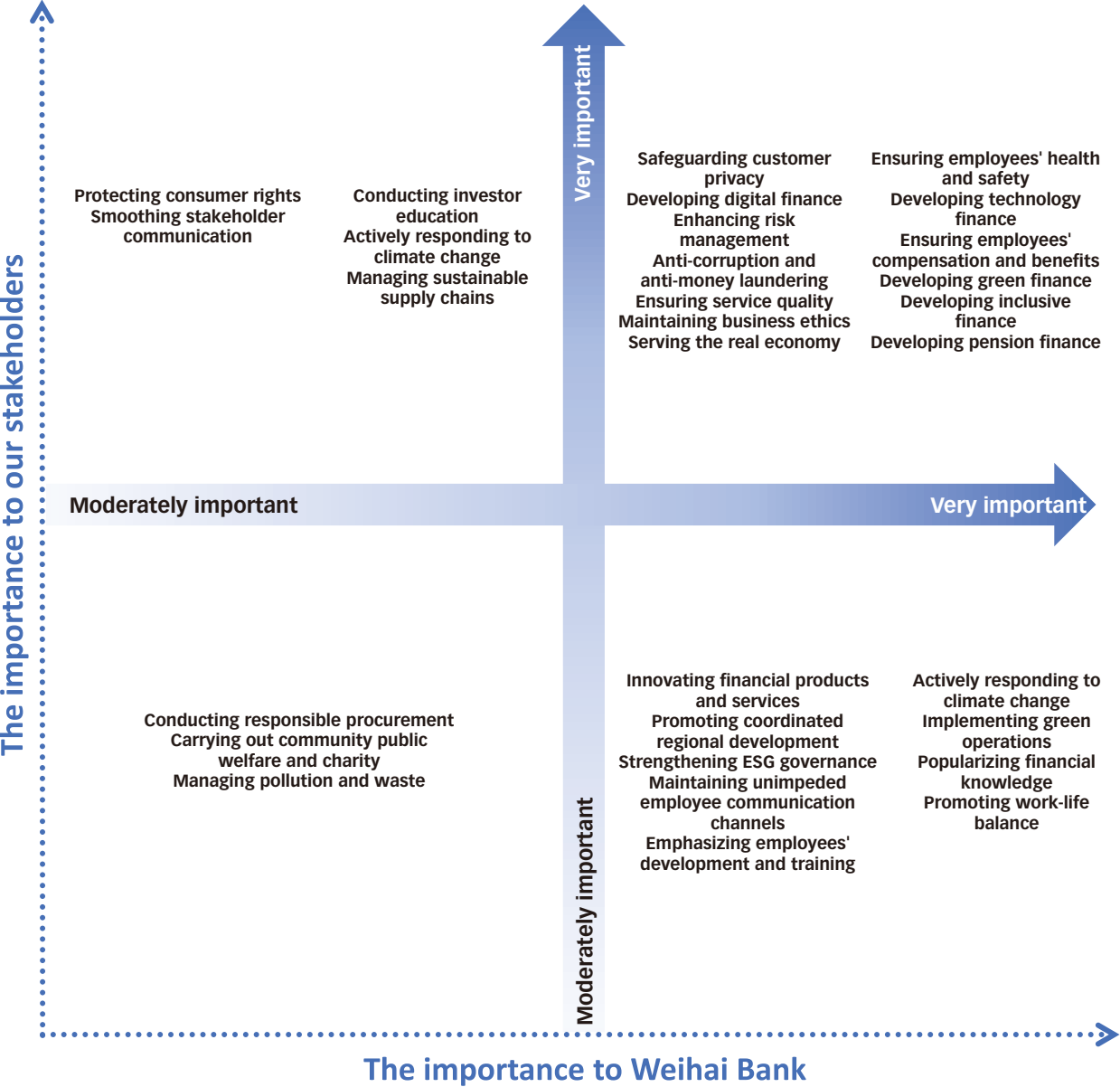
Management



The Bank will strengthen the management and tracking of issues with higher double materiality in relevant future sustainable governance work, strategic development, risk management, goal setting and long-term performance tracking. In the course of information disclosure, the Bank will also focus on disclosing the governance, strategy, risk management, and completion of related goal setting and performance indicators for such issues.

Communication with Stakeholders and  
Materiality Assessment for Issues

RESULT OF DOUBLE MATERIALITY ASSESSMENT



# SUSTAINABLE DEVELOPMENT POLICY AND GOVERNANCE

The Bank attaches great importance to sustainable development work and has established a sustainable development governance system with clear responsibilities and division of labor, to ensure the efficient and transparent operation of the Company's ESG management through the establishment of and the division of responsibilities among the decision-making, management and execution levels.

## DECISION-MAKING LEVEL: THE BOARD OF DIRECTORS AND THE BOARD OF SUPERVISORS

- Board of Directors and Development Strategy and Social Responsibility Committee

**Responsibilities:** The Board of Directors is responsible for determining the strategic planning, annual objectives, major policies and basic systems of our Bank in terms of ESG, and assuming the ultimate responsibility for ESG management; authorizing the Development Strategy and Social Responsibility Committee, carrying out ESG-related work and establishing ESG risk management and internal control systems; supervising and evaluating our Bank's ESG management policies, strategies, plans, objectives and annual work contents; regularly reviewing ESG performance and progress in achieving objectives; approving the content of ESG reports; as well as evaluating the implementation effect of green finance and sustainable finance strategies, and promoting the high-quality development of sustainability-related financial products and services.

The Development Strategy and Social Responsibility Committee is responsible for reporting to the Board of Directors on ESG strategies, work progress and annual ESG reports, and making recommendations on the optimization of the strategic direction of sustainable development; guiding the ESG Working Group to carry out specific work and formulating ESG-related objectives; as well as providing advice on ESG risk management and internal control systems, and assisting the Board of Directors in improving relevant systems and processes.

The Bank has a balanced mix of Directors and senior management with different genders, ages, cultures and professional backgrounds, including banking, corporate management, economics, law, accounting, auditing, finance services specialized for small and micro enterprises, environmental management and other fields, forming a diversified and complementary management structure.

As of the end of 2024, the Bank has a total of 15 Directors, including 5 executive Directors, 5 non-executive Directors and 5 independent non-executive Directors.

- Board of Supervisors

**Responsibilities:** The Board of Supervisors takes responsibility for supervising ESG management policies, strategies, plans, objectives and annual work contents, monitoring ESG risk management and internal control systems, supervising the implementation of ESG-related policies and work by holding subsidiaries as well as various departments and branches under the Head Office, and ensuring that all work in terms of ESG is carried out in accordance with laws and regulations and effectively promoted.

As of the end of 2024, the Bank has a total of 9 supervisors, including 3 shareholders' representative supervisors, 3 employees' representative supervisors and 3 external supervisors.

## MANAGEMENT LEVEL

- Responsibilities:** The ESG Working Group, with the Chairman of the Board of Directors serving as the group leader and the President serving as the deputy group leader has been established, which is responsible for regularly reporting to the Board of Directors through the Development Strategy and Social Responsibility Committee to provide timely feedback on the progress and problems of our Bank in the field of sustainable development; identifying, evaluating, examining and managing major ESG risks, opportunities and related matters, and formulating countermeasures; formulating ESG management policies, strategies, plans, annual work contents and objectives for approval by the Board of Directors; reviewing and monitoring our Bank's ESG policies and practices to ensure that our Bank complies with relevant legal and regulatory requirements; taking the lead in the preparation of annual ESG reports; enhancing ESG-related digital transformation capabilities; continuously tracking and reviewing ESG-related performance and target progress; coordinating and promoting the implementation of various ESG policies by various departments; as well as providing ESG-related recommendations to the Board of Directors in a timely manner.

# Sustainable Development Policy and Governance

## EXECUTION LEVEL

- Subsidiaries as well as various departments and branches and sub-branches under the Head Office are responsible for communicating and coordinating the ESG work of their own units; organizing, promoting and implementing various ESG-related work according to the deployment, requirements and division of labor of our Bank's ESG management policies, strategies, plans, annual work contents and objectives; collecting and regularly reporting ESG-related implementation initiatives, performance indicators and excellent cases; observing various ESG-related policies and systems; as well as regularly reporting to the ESG Working Group.

In 2024, according to "The Board of Directors has overall responsibility for an issuer's ESG strategy and reporting" under Appendix C2 A10. of the Hong Kong Listing Rules, and in conjunction with the Bank's strategic development objectives, the Articles of Association of the Bank specifies that the Board of Directors shall exercise the functions and powers "to determine the environmental, social and governance (ESG) strategic plans, annual goals, major policies and basic systems of the Bank, to assume the ultimate responsibility for ESG management, and to supervise and evaluate the implementation of the Bank's ESG strategy"; the former Development Strategy Research Committee has been renamed as the Development Strategy and Social Responsibility Committee, assuming relevant ESG responsibilities. During the Reporting Period, the Bank has established the Green Finance Department at the Head Office level, which is responsible for the green finance development plan and top-level design of the Bank to boost green finance building of the Bank.

## SUSTAINABLE DEVELOPMENT AND ESG MANAGEMENT PRACTICES

### ESG Competency Training

During the Reporting Period, the Board of Directors of the Bank focused on the continuous professional development of each Director and paid attention to and actively organized training for the Directors. During the Reporting Period, the Bank held a total of 6 trainings covering sustainable information disclosure, corporate governance, anti-corruption, integrity construction and new productive forces in full compliance with the regulatory requirements of the Hong Kong Stock Exchange and the Mainland China.

The Board of Directors of the Bank has taken the initiative to study and implement the spirit of the important speech delivered by General Secretary XI Jinping during his visit to Shandong Province through various means. During the Reporting Period, the Directors of the Bank conducted a special research on ESG information disclosure and legal compliance management to gain a detailed understanding of the current development status and excellent practices in the field of sustainable information disclosure at home and abroad, as well as to carefully understand the relevant practices of compliance management, and put forward higher requirements and expectations for the Bank's future sustainable information disclosure and compliance operations. In addition, the Directors of the Bank also carefully exchanged their opinions on the improvement of corporate governance and the continuous development of compliance operations through virtual meetings and other means, and put forward constructive suggestions for the Bank's high-quality sustainable development.





## BUILDING A BEAUTIFUL CHINA AND A GREEN FUTURE TOGETHER

We actively utilized our financial strength to assist the green and low-carbon transformation of the whole society, vigorously developed green finance, and introduced the new development pattern. In 2024, the Bank implemented the top-level design, resolutely carried out the **Three-year Action Plan for Green Finance (2023-2025)**. In accordance with the development ideas, overall goals and promotion measures of the Plan, the Bank improved the quality and efficiency of green finance services, enhanced the development level of green finance, and built a leading brand of green finance “Golden the Green” in all directions.

- Focusing on Green Finance and Cultivating New Green Momentum
- Tackling Climate Change, Identifying and Measuring Climate Risks
- Green Environmental Protection Operation and Building a Green and Low-carbon Bank

## FOCUSING ON GREEN FINANCE AND CULTIVATING NEW GREEN MOMENTUM

### Improving green finance governance

The Bank gradually improves the four-level green finance organizational structure of “Board of Directors level – Senior Management level – Head Office level – Branch level” to promote the development of green finance of the Bank, arrange and deploy resources in accordance with the requirements of green finance development and ensure the completion of relevant work plans. During the Reporting Period, the Bank established the Green Finance Department of the Head Office to continuously enhance the Bank’s management capability for green finance.

The Bank incorporated the concept of green development into its corporate core values and established a special committee in the Board of Directors to provide evaluation and advice on the development of green credit. A cross-departmental Green Finance Committee was set up at the operational level, led by the Bank’s Chairman, to make overall decisions, coordinate work and allocate resources.

At the execution level, we have set up a cross – line joint team for the research and development and promotion of green finance products to solidly promote product innovation and promotion, develop fintech and green finance, and at the same time, combine the blue ocean economy with the Bank’s green finance reform, innovate financial products and business models related to the green and ocean economy, and explore the road to the development of green finance with the Bank’s characteristics. Meanwhile, we have established a team of green finance statisticians and deployed an environmental and social risk management team at the Head Office to enhance our green finance service capability. Employees’ awareness of green finance was enhanced through on-the-job staff training and other means.

## FOCUSING ON GREEN FINANCE AND CULTIVATING NEW GREEN MOMENTUM (CONT’D)

### Guidance of green finance strategy

The Bank has formulated the Three-Year Action Plan for Green Finance and the Activity Plan for the Year of Green Finance Branding in accordance with the requirements of the Guidelines for Green Finance in the Banking and Insurance Industry, carried out the work of upgrading the green finance system throughout the Bank, clarified the objectives of the development of green finance, and carried out systematic planning for the development of green finance throughout the Bank. The year 2024 marked the Bank’s “Year of Green Finance Branding” with the growth target for green loan of RMB10 billion. Leveraging our five major product systems of “ocean strategy, blue sky and white clouds, exquisite cities, smooth travel in Shandong and low-carbon manufacturing”, the Bank uncovered new growth opportunities in green business, expanded our business scale in the green finance sector and comprehensively built a distinctive “Golden the Green” brand.

### Green finance branding

In accordance with the Guidelines for Green Finance in the Banking and Insurance Industry, Guidelines for Energy Efficiency Credit, Guidelines on Building a Green Finance System and other policy documents, the Bank promoted the construction of green finance from a strategic perspective, intensified support for the green economy, low-carbon economy, circular economy, and marine economy, prevented environmental and social risks, enhanced its own environmental and social performance, and in doing so, we optimized credit structure, upgraded the service level, and promoted the transformation of the development mode, and ultimately realized the coexistence of social benefits and economic interests.





## FOCUSING ON GREEN FINANCE AND CULTIVATING NEW GREEN MOMENTUM (CONT'D)

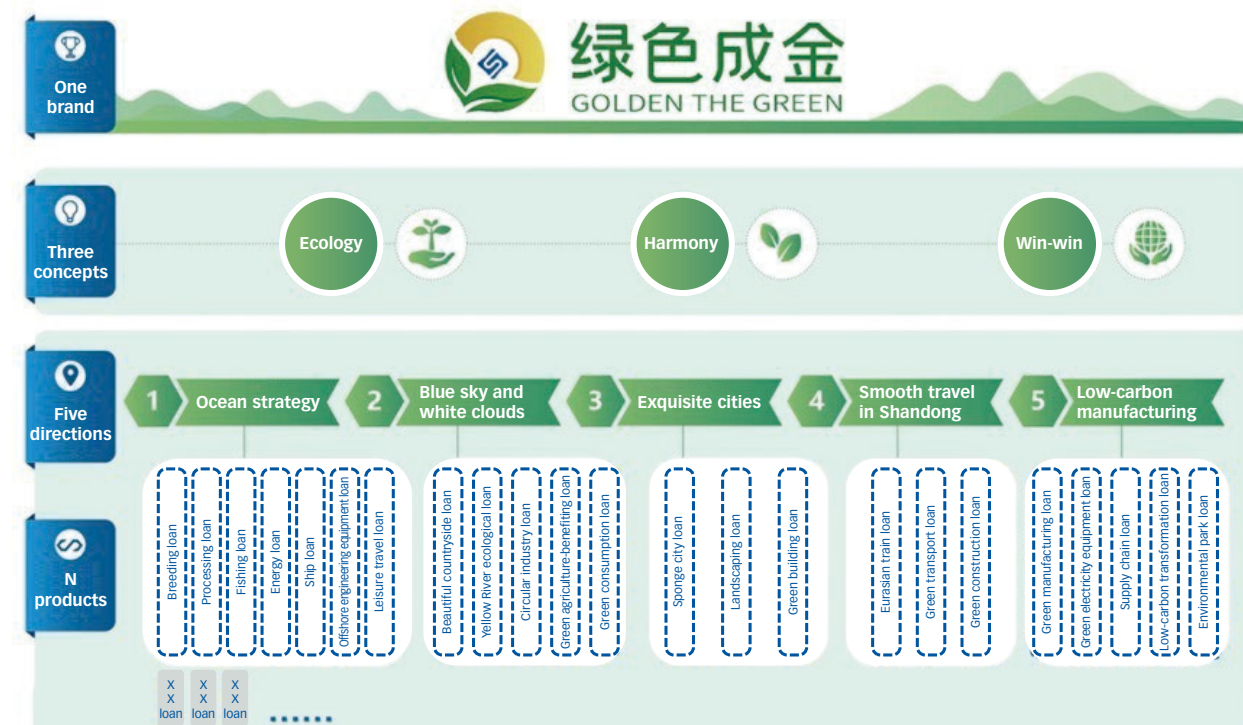
### Robust creation of green momentum

#### Green finance performance

As of the end of 2024, the balance of the Bank's green loans was RMB**37.713** billion, an increase of RMB11.692 billion, or **44.93%**, from the beginning of the year. A total of RMB**7** billion of green bonds have been issued, with the funds raised specifically used to support green projects. Meanwhile, with its outstanding contributions in the field of green finance, the Bank has continued to innovate and enrich its green finance brand image, and won a number of honorary titles during the Reporting Period.

#### Green finance product system innovation

In 2024, the Bank focused on the five directions of "ocean strategy, blue sky and white clouds, exquisite cities, smooth travel in Shandong and low-carbon manufacturing", continuously enriched the "1+3+5+N", and proactively innovated the synergistic development mode of "Green+", successfully completed the national first marine sustainable development linked loan and the national first fisheries and shellfish carbon sink index insurance pledge loan.



## FOCUSING ON GREEN FINANCE AND CULTIVATING NEW GREEN MOMENTUM (CONT'D)

### Robust creation of green momentum (cont'd)

#### Specialized Green Credit Products

During the Reporting Period, the Bank promoted the integrated development of green finance and inclusive finance in conjunction with the "Inclusive Finance Promotion Month", innovated specialized green credit products such as "Green Farming Loan", and constructed a diversified green financial service system, with "Green Greenhouse Loan", "Green Apple Loan" and "Green Farming Loan" coming into operation successively. In terms of green financial product innovation, the highlights during the Reporting Period include:

- ✧ By integrating the development of green finance and inclusive finance, we have innovated the "Green Agricultural Loan" as a specialized green credit product, which combines the capital needs across various stages of crop growth cycles, supporting moderate-scale green agriculture operation entities including family farms, large-scale growers, and farmer cooperatives. For instance, the Bank granted a green loan of RMB1.5 million to a large-scale apple grower, which combined with the accurate "portrait" of the needs of fruit growers to solve their capital needs. With the support of credit funds, the local fruit growers adopted advanced practices such as wide-row dense planting patterns, drip irrigation and integrated water-fertilization systems, achieving eco-friendly cultivation. This resulted in comprehensive improvements in per-mu yield, pest resistance, antioxidant capacity and storage durability. By the end of 2024, such business has achieved a placement landing balance of RMB196 million, supporting green organic agriculture and ecological recycling agriculture, and comprehensively helping to build a rural revitalization Qilu model and green development in Shandong.



## FOCUSING ON GREEN FINANCE AND CULTIVATING NEW GREEN MOMENTUM (CONT'D)

### Robust creation of green momentum (cont'd)

#### • Green supply chain featured products

The development of supply chain finance is an important measure to enhance the ability of financial services to the real economy. Under the new development concept, the Bank actively innovates its business model, deeply integrates green finance and supply chain, and innovatively launches the green supply chain product "Green e-chain" to build a diversified green supply chain financial service system, and contribute to green, low-carbon and high-quality development.

#### "Green Medicine e-chain": Green supply chain financial innovation of marine biopharmaceuticals

An algae group is a whole industry chain marine biopharmaceutical group integrating seaweed farming, processing and comprehensive utilization. The enterprise successfully applied marine plant gelatin technology, used the seaweed gum to produce green and environmentally friendly seaweed polysaccharide pharmaceutical hollow capsules and has good market prospect. With the continuous expansion of the production scale, the enterprise's procurement demand for raw material sodium alginate increased. The Bank fully utilized the features of self-payment, closure and stability of supply chain finance, comprehensively examined the industrial chain of the enterprise, and designed a green supply chain product "Green Medicine e-chain" for the core pharmaceutical enterprise, which is used to satisfy the enterprise's own energy saving and emission reduction, environmental protection and other production needs. Through the online platform, the enterprise opens "Chain Credit" (electronic debt certificate) to its upstream suppliers, who can apply to banks for pure credit factoring financing services relying on the "Chain Credit", which effectively solves the problem of insufficient liquidity of the enterprise.



## FOCUSING ON GREEN FINANCE AND CULTIVATING NEW GREEN MOMENTUM (CONT'D)

### Robust creation of green momentum (cont'd)

#### • Finance facilitating green transformation and development

Adhering to the concept of "ecology, harmony and win-win", the Bank amplified its model advantages, product advantages and professional advantages, and provided finance assistance to high-quality enterprises through the issuance of green financial bonds, the innovation of contractual energy management and green consumption credit products, and the exploration of innovative business models such as the pledge of emission rights and future earnings rights, and made every effort to promote green, low-carbon and high-quality development of the economy and society.

#### A credit facility of RMB400 million powers the "automobile - making model" to lead the sustainable development of the marine industry

The ship and offshore engineering equipment industry chain is one of the advantageous industry chains in Weihai City. A shipyard, as the first coastal, green, intelligent, and sustainable offshore engineering equipment base of its group, adopts a domestically leading intelligent cutting and blanking workshop and an intelligent component assembly and welding workshop, equipped with a fully automated production line, advanced dynamic vision technology applications, and thin plate laser hybrid welding technology. The application of the "automobile - making model" assembly line has significantly improved ship - building efficiency. The automation rate of the workshop is as high as 80%, and nearly 40% of labor has been saved overall, which has greatly promoted the process of the enterprise's technological empowerment, digital empowerment, and ecological empowerment. The Bank has granted a credit line of RMB400 million to the enterprise to provide financial support for the construction of its green ships, enabling the enterprise to actively explore new models and paths for green development, and contribute more wisdom and strength to the sustainable development of the marine industry.





## FOCUSING ON GREEN FINANCE AND CULTIVATING NEW GREEN MOMENTUM (CONT'D)

### Robust creation of green momentum (cont'd)

- Finance facilitating green transformation and development (cont'd)

#### RMB196 million loan powers green mine restoration, practicing the idea of "Lucid Waters and Lush Mountains"

The construction of green mines and the development of green mining is an important measure to practice General Secretary Xi Jinping's important thought that "lucid waters and lush mountains are invaluable assets", promote the construction of ecological civilization, and implement the new development concept. A mine ecological restoration project has a total treatment area of nearly 320,000 square meters, mainly involving slag and rock cleaning, site leveling, overburdening and other works, as well as laying honeycomb geocells, sowing grass seeds, planting white pines, cypresses, and other soil and water conservation works according to the topography of the quarry, which required a large amount of capital investment. The Bank took the initiative to contact the mine restoration enterprise, conducted in-depth study of the mine geological environmental protection and land reclamation plan, resource utilization and development plan, based on the project scale, project funding needs, project development period and other specific circumstances, tailor-made financing plan for the enterprise, expedited the business approval through the green channel, and successfully issued a RMB196 million of mine restoration loans. With the funds in place, in line with the "ecological priority, conservation priority, protection priority, natural restoration-based" principle, mine rehabilitation work is in full swing. At present, it has completed the governance of the remaining mining – damaged area, the construction of greening works on exposed slopes and other construction. As the project continues to advance, the scarred mountains, will be restored to green and lush, and the harmonious scenes of mine re-greening, cultivated land reclamation and ecological restoration are gradually emerging.



## FOCUSING ON GREEN FINANCE AND CULTIVATING NEW GREEN MOMENTUM (CONT'D)

### Robust creation of green momentum (cont'd)

- Finance facilitating green transformation and development (cont'd)

#### Turning the "Green Windmill" of enterprise development

As an important raw material for wind power equipment, polyetheramine is widely used in the field of wind power generation. A new material company in Zibo is a small and medium-sized technology enterprise specializing in the research, development, production and sales of polyetheramine new materials. The enterprise is in urgent need of funds to buy propylene oxide, propanol and other production materials. After learning about the stage-by-stage operational difficulties faced by the enterprise, the Bank took the initiative to contact with the enterprise, conducted in-depth research, accurately formulated the credit plan according to the enterprise's business development mode, and efficiently provided RMB40 million of credit support for the enterprise through the green approval channel. With the credit funds in place in time, the enterprise prepared enough production materials, and quickly put into the production of wind power raw materials. The "windmill" of green development rotates against the wind on the path of ecological development.



## FOCUSING ON GREEN FINANCE AND CULTIVATING NEW GREEN MOMENTUM (CONT'D)

### Robust creation of green momentum (cont'd)

- Finance facilitating green transformation and development (cont'd)

#### Supporting the "Green Development" in the Yellow River Basin

An engineering construction company in Jinan is mainly engaged in ecological environment management and related water conservancy project construction in the Yellow River Basin. In recent years, the enterprise has undertaken the Weishan Sluice project of the reconstruction project of the Yellow River diversion culvert sluices in the downstream of the Yellow River (Shandong section), which is one of the 55 major water conservancy projects promoted by the State Council, and after the completion of the project, it will effectively restore the culvert gate's ability to divert water and improve the conditions of water supply to the two sides of the downstream of the Yellow River and the related areas for irrigation, urban life, industry, and ecology. The Jinan Branch of the Bank opened a green approval channel and efficiently issued RMB90 million of credit funds for the enterprise, which greatly enhanced the liquidity of the enterprise's funds and helped the ecological protection and high-quality development of the Yellow River Basin.



## FOCUSING ON GREEN FINANCE AND CULTIVATING NEW GREEN MOMENTUM (CONT'D)

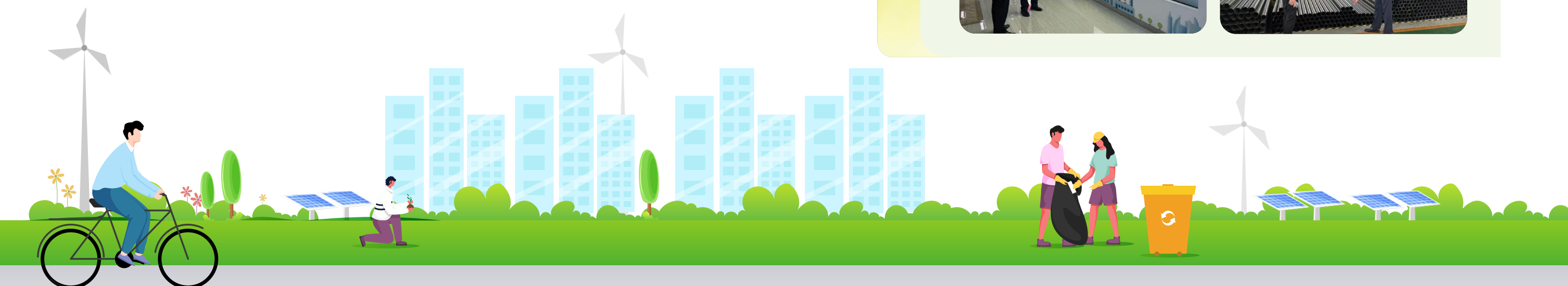
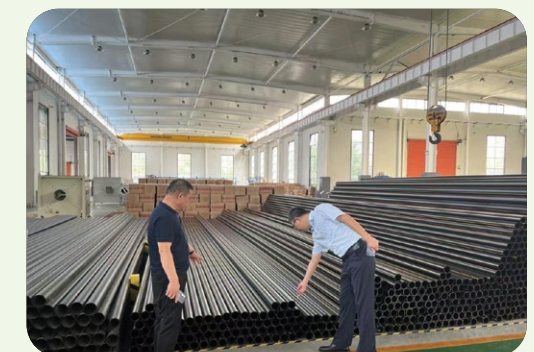
### Robust creation of green momentum (cont'd)

- "Green Bill e-Chain" improves efficiency and security of bill discount rate

The Bank actively responded to the "Guidelines to Further Strengthen the Financial Support for Green and Low-carbon Development" jointly issued by seven departments including the People's Bank of China. Through supply chain finance means supporting infrastructure construction, promoting green supply chain innovation and application, digging deeper into the new needs of green development of enterprises, and accelerating the promotion of green supply chain finance in new energy, new materials and other green industries widely applied.

#### Actively responding to policy requirements, in-depth exploration of new requirements for green development of enterprises

A group company in Linyi is mainly engaged in the construction of natural gas pipeline network projects and has business dealings with more than 1,000 upstream and downstream enterprises, most of which are small and micro enterprises, which have a great demand for bill discount. After understanding the needs of the enterprise, the Bank customized its service program and designed the "Green Bill e-Chain" green supply chain product, which allows the enterprise to open supply chain bills to its suppliers for payment of goods through the online supply chain platform, and the suppliers, after receiving the supply chain bills, split, endorse and apply for discount financing from the Bank according to the actual business scenarios and needs. "Green Bill e-Chain" effectively solves the problems of complicated procedures, slow approval process and easy forgery of traditional offline bank acceptance discounting, greatly improves the efficiency and security of discounting, and satisfies the suppliers' demand for capital liquidity.





## FOCUSING ON GREEN FINANCE AND CULTIVATING NEW GREEN MOMENTUM (CONT'D)

### Robust creation of green momentum (cont'd)

#### Credit policies for key industries

The Bank insists on keeping pace with the national industrial strategy and formulates differentiated sub-industry credit policies in accordance with the characteristics of different industries. 2024 credit policy divides industry investment into four categories: priority support, moderate support, caution and compression and adjustment, forming a credit system covering 32 industries. The key investment direction is the key industries and fields supported by the national policy direction, including green finance, inclusive finance, "specialized and new", strategic emerging and advanced manufacturing enterprises, supply chain and industrial chain fields, private enterprises, rural revitalization and livelihood, and to increase the credit support for industrial upgrading, technological transformation and energy-saving and environmental protection projects of traditional enterprises. We will also continue to optimize the business environment for credit and improve the level of credit services.

In 2024, as the Bank's "Green Finance Brand Building Year", in order to continue to help green, low-carbon and high-quality development, the Bank will implement a credit granting strategy of in-depth exploration and encouragement of support for credit businesses that comply with the "1+3+5+N" green product system. The following are the credit policies of the Bank for certain industries:



In the field of environmental governance, priority is given to supporting enterprises and projects in such industries as ecological protection and comprehensive governance, waste treatment and energy-saving services;



In the field of high-end equipment manufacturing, priority is given to supporting enterprises and projects in the aerospace, rail transportation, semiconductor and other industries;



In the field of new materials, priority is given to supporting enterprises and projects in carbon fiber, special nylon, advanced ceramics and other industries;



In the field of modern agriculture, priority is given to supporting national agriculture constituent enterprises, leading enterprises in planting, and science and technology green agricultural enterprises;



In the field of marine economy, priority is given to supporting enterprises and projects in marine carbon sinks, marine environmental services, modern marine fisheries and other industries.

### Green finance cooperation and exchange

During the Reporting Period, the Bank paid close attention to green finance policy practices and cutting-edge progress in the same industry and carried out research on green finance-related topics in light of the Bank's business focus and the characteristics of its customer groups, which helped to carry out high-quality business in relevant fields. The Bank's project "Strategic Planning and Implementation of Green Financial Transformation of City Commercial Banks" won the First Prize of 38th Modern and Innovative Contribution of Enterprises Management of the Shandong Province.

## FOCUSING ON GREEN FINANCE AND CULTIVATING NEW GREEN MOMENTUM (CONT'D)

### Green finance cooperation and exchange (cont'd)

During the Reporting Period, the Bank organized and carried out thematic activities such as "Green Finance Joint Learning and Joint Construction", "Gathering Green Wisdom and Complicity in Low-Carbon Development", and discussed with enterprises the cooperation and development in the field of green finance.



In March 2024, the Bank participated in the Weihai **Conference on Financial Assistance for Green, Low-Carbon and High-Quality Development**, highlighting the Bank's assistance for green, low-carbon and high-quality development and its green financial work ideas. The Bank will continue to accelerate the pace of green financial innovation, increase the supply of credit to the green economy, strengthen the precise empowerment of green development, polish the "Green into Gold" brand, and actively contribute financial strength to green, low-carbon and high-quality development.



In April 2024, the Bank participated in **2024 Annual Working Conference of the Asia Financial Cooperation Association and Small and Medium-sized Banks ESG Development Forum**, focusing on the theme of green financial innovation and practice of small and medium-sized banks, and conducting in-depth discussions and exchanges centering on small and medium-sized banks' ESG system construction and climate risk management, exploration of the banking industry's transformational finance under the ESG perspective, and disclosure of environmental information by financial institutions.



In September 2024, the Bank participated in the **Annual Meeting of the Green Finance Professional Committee of the China Society for Finance & Banking** and issued the results related to sustainable information disclosure, sharing the results of its work such as the research report on the measurement of climate risk, the template for sustainable information disclosure and the application guide, demonstrating the Bank's proactive attitude to learn and comply with the international trend of sustainable information disclosure.





## FOCUSING ON GREEN FINANCE AND CULTIVATING NEW GREEN MOMENTUM (CONT'D)

### Green finance cooperation and exchange (cont'd)



In November 2024, the Bank participated in the “2024 Banker Financial Innovation Forum and Banker Financial Innovation Result Press Conference” organized by The “Banker” magazine. The Bank’s leader gave a keynote speech entitled “Practicing Social Responsibility and Writing a Good ‘Green Article’”, which introduced the exploration of and achievements made by the Bank around making a good article on green finance, building a brand of green finance, enhancing the quality and efficiency of green financial development, highly recognized by the experts of the forum and the industry.



## FOCUSING ON GREEN FINANCE AND CULTIVATING NEW GREEN MOMENTUM (CONT'D)

### Enhancing ESG risk management

In May of this year, the National Financial Regulatory Administration issued the “Guiding Opinions on Banking and Insurance Sectors’ Improving Five Financial Priority Areas”, which put forward new requirements for banking institutions to pay attention to environmental, social and governance.

In order to continuously assess, evaluate and manage customer-related environmental, social and governance risks in the credit business, practice the concept of sustainability, and help realize “Dual Carbon” goal, the Bank has gradually established a sound environmental (climate) risk management system, identified and assessed the impact of environmental (climate) risks and opportunities on our Bank and the financial system, and purposefully enhanced its environmental (climate) risk management capability.

The responsible departments for customer ESG risk management are Green Finance Department, Corporate Banking Department, Credit Approval Department, Risk Management Department, Legal and Compliance Department and outlets. According to the requirements of the Interim Measures for Environmental, Social and Governance Risk Management in Giving Credit, the operating units shall pay attention to and assess the hazards that may be brought to the environment and society and the risks triggered by the customers’ construction, production and operation activities due to the deficiencies in corporate governance and inadequate management in the process of promoting customers’ giving credit businesses, and apply the customer ESG risk classification evaluation results in the management of customers’ giving credit businesses.



#### • Business access

At the business access stage, the Bank strictly controls the customer ESG risk classification results, and will not accept those with poor corporate governance systems and severe and adverse impacts on the environment and society.



#### • Credit review

The Bank incorporates ESG risk classification evaluation as a non-financial indicator for credit operations into the on-loan credit review.



#### • Post-loan management

The operating unit is required to strengthen the dynamic monitoring and analysis of ESG risks of credit customers and carry out post-loan assessment of ESG risks at least once a year. In the event of a significant ESG risk event occurring in a customer, the operating unit is required to urge the customer to take relevant risk disposal measures in a timely manner, and to report and provide early warning on the possible impact of the event in accordance with the prescribed process.

In addition, the Bank requires its operating units to adopt differentiated measures in the event of severe ESG risks in accordance with the principles of classification and differentiated management, and to pay continuous attention to the improvement of customers’ ESG performance and strictly control customers’ ESG risks.

## FOCUSING ON GREEN FINANCE AND CULTIVATING NEW GREEN MOMENTUM (CONT'D)

### Active Green Finance and ESG Training

The Bank proactively launched green finance and ESG special training for its employees striving to enhance their expertise of green finance and invited external experts to participate in seminars and share, with training covering sustainable finance research, carbon emission policy training, and enhancement of green finance and ESG system construction. During the Reporting Period, **46** training sessions related to green finance were conducted.

#### "Green finance system enhancement proposal and advanced practices in the industry" training

In terms of green finance capacity building, the Bank has developed a series of training on green finance, designed classified courses for personnel at different levels and in different departments, and promoted the green finance training program in an orderly manner at different levels for management personnel, branches and business personnel. During the Reporting Period, a third-party consulting firm was invited to provide training on green finance system enhancement proposals and advanced practices of the industry to the relevant departments of head office, the management personnels of various outlets and all green finance specialists.

## TACKLING CLIMATE CHANGE, IDENTIFYING AND MEASURING CLIMATE RISKS

The Bank has gradually established and improved a comprehensive environmental and climate risk management system, aiming to systematically identify and evaluate the potential risks and opportunities of environmental and climate change in the financial sector, so as to enhance its own environmental and climate risk management efficiency, ensure stable business operation and promote the realization of sustainable development goals.

In order to cope with the challenge of climate change, the Bank deepened the assessment mechanism for the impact of climate change in customers' business activities, accelerated the elimination of enterprises with backward production capacity and substandard emission standards, and increased support for enterprises in green transformation, and integrated these requirements into all aspects of rating, investment and financing business, to ensure the ESG (environmental, social and governance) risks involved in investment and financing activities can be effectively identified, quantified, monitored and controlled.

In addition, the Bank also conducted scenario analysis and stress tests around climate risks to accurately assess the potential impact of climate change on credit assets. The test results show that under extreme stress situations, although the credit risk of customers in high-carbon emission industries has increased, the overall impact on the Bank's capital adequacy ratio remains within a controllable range due to the low proportion of this part of assets in the Bank's overall credit portfolio and the Bank's adequate provision.

## TACKLING CLIMATE CHANGE, IDENTIFYING AND MEASURING CLIMATE RISKS (CONT'D)

### Climate risk-related governance



#### Board of Directors

At the Board of Directors level, the Development Strategy and Social Responsibility Committee under the Board of Directors of the Bank is responsible for formulating ESG strategies and basic policies, including climate risks.



#### Senior Management

At the Senior Management level, executive departments are required to continuously assess climate change-related risks and opportunities, conduct regular analysis, evaluate and formulate corresponding policies, actively promote climate risk stress testing research, strengthen the content quality of climate-related information disclosure in information disclosure, and gradually expand the sources of climate risk factors and the scope of industries participating in testing.



#### Execution Level

At the executive level, the Bank carries out environmental and climate risk scenario analysis and stress tests on an annual basis. The competent department for climate risk stress testing is the Risk Management Department, which is responsible for carrying out stress testing on a regular basis, effectively identifying physical risks and transition risks that have a substantial impact on the Bank's operations based on the analysis results, and formulating corresponding risk mitigation measures according to the severity of the risks, and supervising the scientificity and effectiveness of climate risk assessment. During the Reporting Period, under the leadership of the Bank's Risk Management Department and with the assistance of third-party professional institutions, the Bank carried out climate risk scenario analysis and stress tests, aiming to help the Bank identify the impact of climate risk more scientifically and effectively with the help of professional institutions.

### Climate risk and opportunity identification

To achieve the goal of limiting global warming to within 1.5 degrees Celsius as set by the Paris Agreement, collaborative efforts from all sectors of society are essential. To clearly understand the opportunities and challenges posed by climate change, meet the expectations of all sectors of society regarding financial institutions' fulfillment of social responsibilities, and comply with the latest requirements of the Hong Kong Stock Exchange on climate information disclosure, the Bank conducted a climate risk assessment in 2024. This assessment quantitatively evaluated the Bank's exposure to climate transition risks and physical risks, providing a foundation for further strengthening the supervision and management of climate risks.

- **Incorporating climate factors into ESG risk management considerations**

In order to assess the risks and opportunities for corporate clients during the dual-carbon transition and climate change processes, and to enhance the foresight of internal risk management, the Bank has explored integrating climate factors into its ESG risk management framework. This initiative aims to refine the Bank's risk management system by conducting specialized research on climate risk exposure for high-carbon emission industries. Additionally, the Bank plans to gradually expand the scope of this work to other industries.

- **Continuously improving the accumulation of climate risk-related data**

In the process of conducting climate risk assessment and measurement research, the Bank has progressively integrated various data resources, including a climate physical risk factor database, a nationwide catastrophic risk level database, the NGFS climate risk scenario parameter database, carbon market data, and carbon emission accounting factor databases. The Bank will continue to enhance the quality of climate risk-related data, laying a solid foundation for future climate risk measurement, management, and analysis efforts that will cover more industries and clients.

## TACKLING CLIMATE CHANGE, IDENTIFYING AND MEASURING CLIMATE RISKS (CONT'D)

### The impact of climate risks on the Bank

*The impact on the financial status, financial performance and cash flow of the Bank*



#### Transition risks

##### Policy and regulatory risks: Medium-term

Policy and regulatory risks refer to the uncertainties brought to the operation and development of enterprises due to changes in policies, laws, systems, etc. Such changes may include the introduction or adjustment of policies and regulations in aspects such as carbon emission governance, energy transformation, and improvement of environmental protection standards, which directly affect an enterprise's production costs, operation models, and market competition landscape.

#### Possible shocks to our Bank's operations:

- ☛ The state has introduced stricter regulatory policies for high-carbon-emitting industries, which will exacerbate the uncertainties faced by our Bank's customers in high-carbon-emitting industries in their existing businesses. Their production and operating costs are likely to increase, and the operating income generated from some of their businesses may decline, affecting the quality of our Bank's credit assets.
- ☛ The state restricts the proportion of businesses in which financial institutions can support high-carbon-emitting industries, causing some of our Bank's businesses to gradually withdraw, resulting in a decline in our Bank's operating income.

#### Financial indicators likely to be affected and the extent of impact:

- ☛ Operating income (low)

#### Risk/opportunity response:

- ☛ Keep a close eye on policy documents related to low-carbon transformation, green finance, and climate risks issued by the state in a timely manner, and conduct in-bank training and learning.
- ☛ The credit review requirements for high-carbon-emitting industries shall be promptly reflected in the credit policy. Strengthen close cooperation with customers in high-carbon-emitting industries, cooperate with and support customers in their low-carbon transformation, so as to achieve collaborative development with customers.



#### Transition risks

##### Technology risk: Short-term

Technology risk refers to the risks that enterprises or society may face due to technical factors during the process of addressing climate change and promoting green and low-carbon transformation. Such risk mainly stems from the uncertainties in technological development, the difficulties in technological innovation, and the costs of technological application.

#### Possible shocks to our bank's operations:

- ☛ Accumulating climate-related databases and developing and using relevant models for accurately identifying and measuring climate risks will increase our Bank's investment in research and development as well as procurement.
- ☛ If the climate-risk-related data and measurement models lack scientificity and accuracy, it may lead to additional research, development and procurement costs for our Bank.

#### Financial indicators likely to be affected and the extent of impact:

- ☛ Research and development costs (low)
- ☛ Variable costs (low)

#### Risk/opportunity response:

- ☛ Conduct a comprehensive investigation to understand the product information of climate-related databases and measurement tools, and gradually upgrade and improve them according to the actual business needs.
- ☛ Through the collaboration of multiple departments, gradually develop and improve our Bank's digital system for climate risk management and assessment. Strengthen the system's reliability to avoid additional research, development, and procurement costs.

## TACKLING CLIMATE CHANGE, IDENTIFYING AND MEASURING CLIMATE RISKS (CONT'D)

### The impact of climate risks on the Bank (cont'd)

*The impact on the financial status, financial performance and cash flow of the Bank (cont'd)*



#### Transition risks

##### Market risk: Medium-term

Market risk refers to the uncertain risks faced by enterprises or investors during the process of economic and social low-carbon transformation. Such risks are caused by changes in market factors such as market demand, competitive landscape, and consumer preferences.

#### Possible shocks to our Bank's operations:

- ☛ In order to achieve the goal of "double carbon", both the carbon emission trading price and the fossil-energy power generation price will rise, increasing our Bank's electricity and energy consumption costs and thus raising our operating costs.
- ☛ If our Bank fails to promptly address investors' concerns regarding our response to climate risks, it may cause fluctuations in our Bank's stock price.

#### Financial indicators likely to be affected and the extent of impact:

- ☛ Operating costs (low)
- ☛ Stock price (low)

#### Risk/opportunity response:

- ☛ Strengthen the publicity and guidance on green operations, as well as daily water and electricity conservation, to reduce our Bank's energy and electricity consumption costs.
- ☛ Strengthen communication with investors and stakeholders, respond promptly to investors' concerns regarding our Bank's climate-risk-related management work. Through high-quality information disclosure, fully safeguard investors' right to information, and gradually incorporate investors' requirements into our Bank's climate risk management practices.



#### Transition risks

##### Reputational risk: Long-term

Reputational risk refers to the risk that, during the process of the economic and social low-carbon transformation, an enterprise or organization may suffer damage to its reputation due to its failure to effectively address climate change, fulfill environmental responsibilities, or meet social expectations.

#### Possible shocks to our Bank's operations:

- ☛ If our Bank fails to effectively address climate change, or fails to disclose climate-related information and pay attention to climate-related risks in a timely manner as required by regulators and investors, it will have a negative impact on our Bank's reputation and brand image. Consequently, this will erode the trust of customers and the market in our Bank, leading to a decline in business volume.

#### Financial indicators likely to be affected and the extent of impact:

- ☛ Operating income (low)

#### Risk/opportunity response:

- ☛ Fully investigate and understand the concerns of stakeholders regarding our Bank's response to climate change. Disclose relevant information on climate risk response in accordance with regulatory requirements to ensure the timeliness and transparency of information disclosure, thus avoiding any adverse impact on our Bank's reputation.



## TACKLING CLIMATE CHANGE, IDENTIFYING AND MEASURING CLIMATE RISKS (CONT'D)

### The impact of climate risks on the Bank (cont'd)

*The impact on the financial status, financial performance and cash flow of the Bank (cont'd)*



#### Physical risks Short-term risk

In 2023, the natural disasters in Shandong Province mainly included wind-hail and floods, and disasters such as snowstorms, earthquakes, and forest and grassland fires also occurred to varying degrees. Considering the climate risk characteristics of Shandong Province, our Bank has selected rainstorms, hailstorms, strong winds, and floods as the core short-term climate risk disasters.

#### Possible shocks to our Bank's operations:

- ☛ The risks of sudden extreme weather and natural disasters may cause property losses to the equipment at each of our Bank's outlets.
- ☛ The occurrence of sudden extreme weather and natural disasters can also have a negative impact on the personal safety of our Bank's employees, resulting in personal injuries.
- ☛ Sudden extreme weather and natural disasters may affect the daily operations of our Bank's customers, or cause serious damage to their fixed assets such as buildings, leading to a decline in their repayment ability or abnormal operations, and thus causing losses to our Bank's operating income.
- ☛ Sudden extreme weather and natural disasters may cause damage to the fixed-asset mortgages represented by buildings in our Bank, affecting the customers' repayment sources and endangering the safety of our Bank's credit assets.

#### Financial indicators likely to be affected and the extent of impact:

- ☛ Fixed assets value (high)
- ☛ Variable costs (high)
- ☛ Operating income (medium)

#### Risk/opportunity response:

- ☛ Develop contingency response plans for sudden extreme weather and natural disasters, make preparations for disaster prevention and mitigation, and strengthen daily risk monitoring.
- ☛ When warnings of extreme weather and natural disasters are issued, promptly arrange for the evacuation of our Bank's employees from dangerous areas and take disaster-prevention measures. When employees suffer personal injuries due to extreme weather and natural disasters, promptly provide care and support to them.
- ☛ Actively carry out publicity and education activities on disaster prevention and mitigation for customers facing high short-term physical risks, encourage customers to improve their climate risk response measures, and make response plans in advance.

## TACKLING CLIMATE CHANGE, IDENTIFYING AND MEASURING CLIMATE RISKS (CONT'D)

### The impact of climate risks on the Bank (cont'd)

*The impact on the financial status, financial performance and cash flow of the Bank (cont'd)*



#### Physical risks Long-term risk

The trend of global warming is intensifying.

Sea-level is rising.

#### Possible shocks to our Bank's operations:

- ☛ The intensification of global warming has led to the failure of achieving the goal of limiting the temperature increase within 1.5 degrees as set in the Paris Agreement. This has triggered more frequent extreme weather events, causing damage to customers' assets and a decline in our Bank's operating income.
- ☛ The rising sea level has exacerbated salinization in coastal areas, increasing the risks of storm surges and seawater backflow. This has led to an increase in the operation and maintenance costs of outlets in coastal areas. Moreover, the assets of customers in these regions have been damaged, thus affecting our Bank's operating income.

#### Financial indicators likely to be affected and the extent of impact:

- ☛ Operating income (high)
- ☛ Operating cost (high)
- ☛ Strengthen communication and collaboration with authoritative institutions and regulatory authorities. Research and continuously track the medium- and long-term climate change trends, quantify the impact of long-term climate risks on our Bank, and formulate relevant policies to address medium- and long-term climate risks.
- ☛ Strengthen communication with investors and stakeholders, respond promptly to investors' concerns regarding our Bank's climate-risk-related management work and fully safeguard investors' right to information, and gradually incorporate investors' requirements into our Bank's climate risk management practices through high-quality information disclosure.



#### Climate-related opportunities Market opportunities: Medium- and long-term

Opportunities for the existing green finance businesses increase.

The innovative development space for incremental green finance businesses expands.

#### Possible shocks to our Bank's operations:

- ☛ The related industries supported by our Bank's green finance business will embrace broader development prospects and opportunities. Consequently, the loan scale of our related businesses can be further expanded, and the operating income can be further increased.
- ☛ Innovative green finance businesses will enjoy broader development space.

#### Financial indicators likely to be affected and the extent of impact:

- ☛ Operating income (high)

## TACKLING CLIMATE CHANGE, IDENTIFYING AND MEASURING CLIMATE RISKS (CONT'D)

### The impact of climate risks on the Bank (cont'd)

*The impact on the financial status, financial performance and cash flow of the Bank (cont'd)*



#### Climate-related opportunities Reputational opportunities: Medium- and long-term

The influence of our Bank's green finance brand has been further expanded.

##### Possible shocks to our Bank's operations:

- Our Bank builds a green finance brand and continuously focuses on green finance businesses. By providing high-quality green finance products and services, we enhance our market influence and achieve the long-term development of green finance businesses.

##### Financial indicators likely to be affected and the extent of impact:

- Operating income (high)



#### Climate-related opportunities Resource use efficiency: Short-term

The growing awareness of energy and electricity conservation drives resource conservation.

##### Possible shocks to our Bank's operations:

- Achieve online operations for business through methods such as paperless office work and electronic transactions, reducing paper consumption and the corresponding energy usage.
- Promote water and electricity conservation in daily work to enhance employees' awareness of voluntary conservation. Combine this with the use of new energy sources to reduce carbon emissions and lower the operating costs for energy purchases.

##### Financial indicators likely to be affected and the extent of impact:

- Operating cost (high)

## TACKLING CLIMATE CHANGE, IDENTIFYING AND MEASURING CLIMATE RISKS (CONT'D)

### The impact of climate risks on the Bank (cont'd)

*Impact on the business model and value chain of the Bank*

The intensifying climate change has put forward new requirements for the Bank to strengthen the measurement and analysis of climate risks in investment and financing businesses and to control the climate risks of suppliers.



#### Investment and financing businesses

The Bank has actively invested in the green, low-carbon, and environmental protection industries, innovated the green financial product system, and increased investment and financing support for industries with stronger climate resilience. As of the end of the Reporting Period, a total of RMB37.713 billion in green loans had been issued, accounting for 17.93% of the total loan disbursement. For high-carbon-emitting industries, the Bank strictly controls the risks of relevant industries in credit policy, and strictly controls the loan access for enterprises that fail to meet environmental protection standards or delay the promotion of "double carbon" work. Differentiated measures are taken in the on-loan and post-loan management.



#### Supply chain management

The bank fully practices the concept of green procurement. Requirements related to energy conservation and environmental protection for suppliers have been added to the procurement system, and suppliers are required to take substantive measures to reduce the carbon footprint of their products.



#### Business areas with concentrated climate risks

In terms of business areas with concentrated climate risks, in 2024, the Bank studied the current and expected impacts on customers in the power, heat production and supply industries, which are key areas supported by the Bank's credit business, through special measurement research on climate risks. For relevant details, please refer to the section "Climate risk scenario analysis and stress testing".

### Actively formulating strategies to address climate change

The Bank actively responds to the national "double carbon" goals and related strategies. On August 2, 2024, the General Office of the State Council issued the Work Plan for Accelerating the Establishment of a Dual-control System for Carbon Emissions (Guobanfa [2024] No. 39), systematically arranging the main tasks for establishing the dual-control system for carbon emissions in the next stage. The focus will shift from solely controlling carbon emission intensity in the past to taking total carbon emission control as the main line. In accordance with the latest national policies, the Bank has proactively strengthened the accounting and total control of carbon emissions in all aspects of our work, and has studied and formulated a climate transition plan, setting short-, medium- and long-term carbon emission reduction targets.

Meanwhile, the Bank focuses on strengthening energy conservation and carbon reduction in daily operations. Through green and environmentally friendly operations and the promotion of the construction of green branches, it aims to achieve carbon neutrality in its own operations. At the investment and financing business level, the Bank has gradually carried out carbon accounting for Scope 3 investment and financing business. Starting from key industries, it plans to gradually expand the Scope 3 carbon accounting scope to carbon accounting for investment and financing business across all industries, providing a scientific and objective data basis for formulating a more accurate transition plan.

## TACKLING CLIMATE CHANGE, IDENTIFYING AND MEASURING CLIMATE RISKS (CONT'D)

### Climate risk scenario analysis and stress testing

In 2024, the Bank selected the electricity, heat production and supply industry<sup>1</sup>, which faces significant pressure for low-carbon transformation and is a key area supported by the Bank's credit business, as the study object for this climate risk measurement.

This study analyzes the climate risk of the customers in the electricity, heat production and supply industry from the following three aspects, and carries out stress testing, mainly achieving the following objectives:

- firstly, taking into account the geographical location of the customers in the electricity, heat production and supply industry and the characteristics of the local natural hazards, identifying the main physical risks and sources of transition risks faced by the customers in the electricity, heat production and supply industry in the region;
- secondly, quantitatively analyzing the impact of physical risks and transition risks on the customers' financial performance, and counting the risk exposure of the Bank's credit business facing different levels of climate risks;
- thirdly, forming the basis of the measurement and assessment methodology of climate risks, and providing suggestions for the Bank to strengthen climate risk management and climate risk measurement in the future.

### Climate risk identification

In terms of climate risk identification, the Bank comprehensively identifies climate risks factors by taking into account the major natural hazards faced by customers of the electricity, heat production and supply industry in Shandong Province and main distribution locations of other customers in the electricity, heat production and supply industry of the Bank, as well as the tightening of carbon emission and energy use policies and elevated prices of energy use, which are the main risk factors faced by the electricity, heat production and supply industry in the low-carbon transformation.

### Climate risk scenario selection and related parameter hypotheses

In the selection of scenarios, this measurement considers both data availability and generalizability of scenario adoption.

In terms of physical risk scenarios, Representative Concentration Pathways (RCP) and Shared Socioeconomic Pathways (SSP) are the two most common climate modeling scenarios used in physical risk assessment, and both can be used to explore and predict future climate change and its impact on the society and economy.

<sup>1</sup> "Industrial Classification for National Economic Activities" (《國民經濟行業分類》) (GB/T4754-2017), the study object of this project is industry code 44.

## TACKLING CLIMATE CHANGE, IDENTIFYING AND MEASURING CLIMATE RISKS (CONT'D)

### Climate risk scenario analysis and stress testing (cont'd)

#### Climate risk scenario selection and related parameter hypotheses (cont'd)

In terms of transformation risk scenarios, the Bank mainly adopts the scenario library hypotheses and parameters related to energy price and carbon emissions trading price from NGFS and the China Carbon Emissions Trading Price Survey Report (2022) (《2022年中國碳排放交易價格調查報告》)<sup>1</sup>.

Classification	Scenarios
Disorderly	Delayed Transition: It is assumed that annual emissions will not decline until 2030. Robust policies needed to be implemented to limit the temperature rise to below 2°C, and negative emissions are limited.
	Net Zero 2050: Through strict climate policies and technological innovation, global warming will be limited to 1.5°C, and global carbon emissions will reach net zero by 2050.
Orderly	Net Zero 2050: Through strict climate policies and technological innovation, global warming will be limited to 1.5°C, and global carbon emissions will reach net zero by 2050.
	Low Demand: Apart from (shadow) carbon emission trading prices and the development of low-carbon technologies, significant behavioral changes to reduce energy demand will ease the pressure of carbon taxes and promote economic transformation.
Hothouse World	Nationally Determined Contributions (NDCs): In addition to implementing current policies, countries also carry out the promised policies. Even if the relevant targets have not been determined, they are supported by effective policies.
	Current Policies: Only implementing current policies will lead to higher physical risks. Existing climate policies remain in effect, but policy implementation has not been effectively strengthened.
Too-little Too-late	Fragmented World: There is too little and too late climate action, resulting in higher physical and transition risks, as well as the consequence of overall ineffective policies. Only some countries with net zero targets achieve their goals, while other countries follow existing policies.

<sup>1</sup> China Carbon Emissions Trading Price Survey Report (2022) (《2022年中國碳排放交易價格調查報告》), 2023.



## TACKLING CLIMATE CHANGE, IDENTIFYING AND MEASURING CLIMATE RISKS (CONT'D)

### Climate risk scenario analysis and stress testing (cont'd)

Climate risk scenario selection and related parameter hypotheses (cont'd)

Scenarios	Models	Time	Change Range of Physical Risk Loss Rate
Net Zero 2050	GCAM	2030,2050	0.657,0.792
Delayed Transition	GCAM	2030,2050	0.656,0.971
Current Policies	GCAM	2030,2050	0.922,1.245

Scenario Name	Parameter	Unit	2030	2040	2050
Greenhouse World – Current Policies	gas price	US\$2010/GJ	6.15	6.46	6.63
	coal price	US\$2010/GJ	2.15	2.20	2.24
	oil price	US\$2010/GJ	15.92	15.90	15.61
Disordered Transition – Delayed Transition	gas price	US\$2010/GJ	6.15	7.21	8.46
	coal price	US\$2010/GJ	2.15	2.06	3.00
	oil price	US\$2010/GJ	15.92	16.53	16.14
Ordered Transition – Net Zero 2050	gas price	US\$2010/GJ	6.96	8.32	11.12
	coal price	US\$2010/GJ	1.98	2.35	4.34
	oil price	US\$2010/GJ	16.82	17.54	19.07



## TACKLING CLIMATE CHANGE, IDENTIFYING AND MEASURING CLIMATE RISKS (CONT'D)

### Climate risk scenario analysis and stress testing (cont'd)

Climate risk scenario selection and related parameter hypotheses (cont'd)

#### Measurement of Climate Risk Exposure

In terms of physical risks, this study mainly measures the losses that the building-related fixed assets of customers in the electricity, heat production and supply industry may suffer under the impact of physical risks such as floods, typhoons and landslides. According to the natural disaster risk assessment model provided by the United Nations International Strategy for Disaster Reduction (UNISDR), the physical risk loss (R) can be calculated by three elements: hazard (H), vulnerability (V) and exposure (E), that is:

$$R_{ij} = H_j \times V_{ij} \times E_i$$

In the formula:  $R_{ij}$  represents the risk loss of the Class-i asset (buildings) due to Class-j natural disasters;  $H_j$  represents the intensity value when the Class-j disaster occurs (such as inundation depth, wind speed, etc.), corresponding to the hazard-related indicator data;  $V_{ij}$  represents the vulnerability (loss rate) of the Class-i disaster-bearing entity under the hazard-related indicators, corresponding to the vulnerability data;  $E_i$  represents the risk exposure amount of the Class-i asset threatened by natural disasters (such as asset value, structural type, etc.), corresponding to the exposure data.

In terms of transition risks, this study mainly measures the increase of enterprises operating costs caused by the increase of energy prices and carbon emission trading prices in different scenarios, which leads to the decline of enterprises operating profits and the repayment capacity of customers.

#### Measurement results of climate risk exposure

After measurement, no high-risk results were found in the physical risk stress test results of the Bank. The proportion of loans with low-medium risk exceeds 98%. In terms of transition risks, overall, low-risk customers account for the largest proportion of transition risks level, and low-risk loans account for about 85%.

## GREEN ENVIRONMENTAL PROTECTION OPERATION AND BUILDING A GREEN AND LOW-CARBON BANK

### The construction of green operation system

The Bank practices the concept of green development, actively carried out the construction of green operation system, and strived to build a rich, diversified and characteristic brand image of “Golden The Green” through the management of carbon footprint and various green operation management measures.

### The management of carbon footprint

The Bank closely integrates with the national “14th Five-Year Plan” strategic blueprint. It ensures that its low-carbon transformation target are in lockstep with the national “double carbon” targets. By Complying with the objective requirements of the times for the transition from traditional growth drivers to new ones, the Bank actively seizes the substantial investment and financing opportunities presented by the development of new productive forces. It formulates systematic climate-related targets and scientifically quantifiable indicators to precisely guide the optimization of the business structure and the sustainable development of daily operations.

### Carry out comprehensive carbon inventory

Carbon inventory is a crucial task for fully understanding the sources and amounts of greenhouse gas emissions from the Bank’s own operational activities. During the Reporting Period, the Bank conducted a comprehensive verification of carbon emissions in Scope 1 and Scope 2. The results of the carbon inventory are shown in the following table:

Scope	Carbon Emission Sources	Emissions (to be calculated)
Scope 1	1) mobile combustion sources: The fuel combustion of transportation equipment over which Weihai Bank has control, including self-operated commercial vehicles and self-operated shuttle buses.  2) stationary combustion sources: Greenhouse gas emissions generated by the burning of fossil fuels by stationary equipment of Weihai Bank, including carbon emissions generated by boiler rooms, kitchen cooktops and backup generators.  3) unorganized emissions: The fugitive emissions within the organisational boundary of Weihai Bank, considered in this plan), include carbon emissions generated during the use of carbon dioxide fire extinguishers (CO <sub>2</sub> ).	25.97 tCO <sub>2</sub> eq
Scope 2	Greenhouse gas emissions generated from the purchased electricity and steam by entities within the organisational boundary of Weihai Bank. Among them, the purchased electricity includes forms such as purchasing electricity from the regional power grid and through directly power purchase agreement.	2,715.94 tCO <sub>2</sub> eq
Scope 3	1) Carbon emissions generated from employee commuting and business travel.  2) Carbon emissions related to investment and financing activities in the eight high-carbon emission industries.	75,416.13 tCO <sub>2</sub> eq (of which carbon emissions generated from employee commuting and business travel was 1,130.94 tCO <sub>2</sub> eq)

The calculation methodology for carbon emissions referred to the Greenhouse Gas Protocol, including the Corporate Accounting and Reporting Standard, the GHG Protocol Scope 2 Guidance, and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard and combined with multiple authoritative carbon accounting methodologies such as PBOC’s Technical Guidance on Carbon Accounting for Financial Institutions (Trial), and the corporate greenhouse gas accounting methods for key industries issued by the National Development and Reform Commission and the Ministry of Ecology and Environment.

## GREEN ENVIRONMENTAL PROTECTION OPERATION AND BUILDING A GREEN AND LOW-CARBON BANK (CONT'D)

### The construction of green operation system (cont'd)

#### Promoting green operations

During the Reporting Period, in order to highlight the characteristic brand of “Golden The Green” and promote the comprehensive improvement of the green finance system, the Bank established a working group for green finance enhancement. We focused on advocating the concepts of green operations and office work, promoting the online payment and settlement, the paperless counters, and the online internal affairs management, achieving “Green payment”, “Green services”, “Green banking”, “Green management”, and “Green operations”.



### Green payment

The Bank generally sorted out the payment and settlement business, comprehensively applied face recognition, identity information networking verification and other technical means, continuously enriched the types of payment and settlement business through electronic channels, improved the convenience of customer services and reduced travel for business; as well as intensified the promotion of online services such as digital confirmation and electronic draft, increased the video banking needs of inactive personal accounts and bank-enterprise reconciliation, conducted in-depth research on customer experience at the grassroots level, optimized online channel functions and business scenarios, and improved customers’ acceptance and usage of online services.



### Green services

The Bank sorted out its counter operations, optimized its counter system, continued to enrich the types of paperless operations, and realized paperless customer filling, electronic customer signing, and electronic storage and custody of accounting files, effectively solving the costs and risks of warehousing and safekeeping paper vouchers, and reducing counter operating costs. In 2024, paperless processing was carried out for business forms such as English-version account opening applications and personal account opening risk notification.



### Green banking

The Bank responded positively to the requirements of Weihai Municipal Government to build a “proof-free city” by promoting the application of electronic business license in banking operations on schedule, and meanwhile actively exploring the application of electronic certificates including enterprise electronic seal and electronic resident identity card, realizing the exemption of submitting paper certificates and giving full play to the role of electronic certificates and data sharing to make data function more and people beat up and down less.

## GREEN ENVIRONMENTAL PROTECTION OPERATION AND BUILDING A GREEN AND LOW-CARBON BANK (CONT'D)

### The construction of green operation system (cont'd)

#### Promoting green operations (cont'd)

In 2024, the Digital Financial Center under the Head Office of Weihai Bank was put into operation, the center building has won the 2-star Green Building Label and adopted a number of green energy-saving measures: firstly, the Digital Financial Center introduces an intelligent management system to monitor the building's water and electricity consumption in real time, detect anomalies in a timely manner and remotely shut down the lighting of the public areas; secondly, the heating pumping room adjusts the flow rate dynamically in accordance with the weather conditions, so as to avoid energy waste; thirdly, installing the energy-saving air-conditionings with centralized control and zoned lighting and adopting the high-efficiency luminaires; fourthly, optimizing operational management, reasonably adjusting equipment operating schedules and parameters and promptly cutting off energy consumption in idle areas; fifthly, using high-performance thermal insulation materials to enhance insulation and reduce heat transfer. The above measures have effectively enhanced the efficiency of energy utilization in daily operations and helped the Bank to build an all-round green banking image.

#### Green Operations



**Led by concept:** The Bank focus on the concept of green office operations. We promote the energy conservation and environmental protection equipment and a series of measures, and carry out a variety of internal activities aimed at disseminating and promoting the concept of green and low-carbon.



**Saving energy consumption:** Through refined energy management, the Bank regularly conducted bank-wide carbon inventory statistics, increased the monitoring of energy consumption such as water, electricity, heating and gas.



**Saving water:** Water-saving publicity and labels are posted in the Head Office building and the offices of branch institutions. Unnecessary use of bottled water is minimized in daily office work and meeting venues.



**Publicity for energy saving and emission reduction:** We carry out energy-saving publicity week and low-carbon day activities as well as the "Clean Plate Campaign". We vigorously advocate a green and low-carbon lifestyle, and takes multiple measures to enhance our green operation capabilities.



**Paperless office work:** On the basis of existing online data query/change, accounting file borrowing, teller information maintenance and task distribution and scheduling, the Bank, according to the needs of business development and management, continued to enrich online service types, realized online and streamlined processing of internal affairs as a whole, and reduced paper and manpower consumption.

### Green and low-carbon procurement

#### The concept of green and low-carbon procurement

The Bank fully practice the concept of green procurement. The implementation of green procurement of the Bank represented an important initiative for green finance enhancement, and it fully put into practice green procurement requirements and created a green procurement atmosphere in the procurement process of all branches and headquarter departments and offices of the Bank.

## GREEN ENVIRONMENTAL PROTECTION OPERATION AND BUILDING A GREEN AND LOW-CARBON BANK (CONT'D)

### Green and low-carbon procurement (cont'd)

#### The concept of green and low-carbon procurement (cont'd)

By strengthening the demand management of green procurement and In the process of procurement, the Bank gave comprehensive consideration to factors such as energy conservation, environmental protection, water conservation, recycling, low-carbon and organic, made reference to relevant national standards, put forward relevant green procurement requirements in developing the demands for goods, and prioritized the procurement of low-carbon and environmentally-friendly products under the premise of ensuring the quality of goods. Meanwhile, the Bank strengthens the access management of the supply chain, intensifies supplier examination in terms of environmental protection, and strictly prohibited these units that were punished for violating environmental protection-related laws and regulations from being shortlisted.

### The construction of the business card of the green sub-branch

The Bank actively explores and pilots the green sub-branch, Huancui Sub-branch, and specialize in green credit business, fully support enterprises and projects involving green loans, and create a regional business card of green finance services. The green sub-branch implements the concept of green operation. It purchases 138.7 tonnes of marine carbon sink indicators, which are specifically used to neutralize the carbon emissions of the green sub-branch, and spares no effort to build a "carbon neutrality" outlet.

In 2024, Huancui Sub-branch of the Bank, as a characteristic service outlet of green finance, the green sub-branch will play a leading role in demonstration, intensify the credit supply of green finance, accelerate the innovation of green finance products, strengthen green environmental protection and low-carbon operation, and strive to build a typical benchmark of green finance. The establishment of the green sub-branch is an important practice of the Bank's active participation in the construction of the Pioneer Zone of Green, Low-Carbon and High-Quality Development in Shandong Province and its efforts to assist Weihai in the construction of a national green finance reform and innovation pilot zone. The Bank will provide differentiated guarantee support to the green sub-branch in terms of credit resources, approval channels, fund pricing, performance assessment, staffing, professional training, etc. We will actively explore successful experiences that can be replicated and promoted, and deeply advance the green finance reform and innovation.

The green sub-branch actively responded to the call of the Bank's "Year of Green Finance Branding" activity. It strengthened the training of green finance business, deeply understood the requirements and expectations of the green strategy, and enhanced the understanding of the working concept of green finance. Based on the integration of traditional characteristic advantages and green finance, it highlights the distinctive green finance brand of our Bank. At the same time, through market research and analysis as well as on-site visits to existing customers, the green sub-branch fully explores the potential of green finance in the local market. It strengthens the access threshold, strictly controls every link from investigation to approval, and provides strong support to enterprises and projects that meet the policies and implementation standards. In addition, the green sub-branch makes use of the credit platform to pay attention to relevant risk warnings of customers, timely detect and respond to potential risks. It also increases market publicity efforts through various channels and methods to enhance the popularity of the green finance brand, strengthen the brand influence and market competitiveness, and achieve the stability and sustainability of green finance development. On July 22, 2024, Weihai City held a work promotion meeting on financial support for green and low carbon development. During the meeting, the plaque conferring ceremony of the city's first batch of green sub-branch was held, and Huancui Sub-branch of the Bank was approved as one of the first batch of green branches in Weihai City's Banking Industry.



## GREEN ENVIRONMENTAL PROTECTION OPERATION AND BUILDING A GREEN AND LOW-CARBON BANK (CONT'D)

### Disseminating of the green environmental protection concept

The Bank has been actively enriching green thematic activities, spreading the concept of green development, and promoting green financial products. While conveying green concepts to customers and strengthening financial supply, we launched the brand promotional video "Golden The Green", comprehensively showcasing green concepts, product system, service direction, and other aspects. This not only demonstrates the achievements of green finance building but also tells the story of how we contribute to green development, further highlighting the characteristic brand of "Golden The Green".

#### Tai'an Branch: "green walking, low carbon walking" activity

Tai'an Branch of the Bank actively advocates green and low-carbon development and green travel, and takes the event as an opportunity to enhance everyone's awareness of low-carbon environmental protection, guide employees to establish green, energy-saving and low-carbon living concepts, and cultivate good energy-saving awareness and behavior norms.

#### Rizhao Branch: "enjoying exercise in spring and creating a green life together" activity

The "enjoying exercise in spring and creating a green life together" activity jointly organized by Rizhao Branch of the Bank and representatives of Runshengjiayuan Community residents and the representatives of the community property company explained the contents related to green development and low-carbon life, and holding the enjoyable cultural and recreational activities during the period; through organizing interesting sports activities together with the community, it promoted communication with community residents in a relaxed atmosphere, promoted the dissemination of low-carbon healthy life knowledge, and assisted the promotion of the Bank's green financial brand.



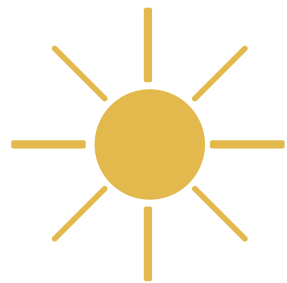
#### Rizhao Branch: "banks and enterprises join hands to practice green development" publicity

Rizhao Branch of the Bank and Oren (Rizhao) Environmental Protection Equipment Co., Ltd. (歐仁(日照)環保裝備有限公司) jointly carried out the publicity activity of "banks and enterprises join hands to practice green development"; the customer's main business is water treatment engineering, environmental engineering construction and rotating biological contactor equipment manufacturing, with original core technology, building 15,000 square meters of high-end environmental protection equipment manufacturing base, and exporting products to many countries; through this activity, customers will have a deeper understanding of our green finance concept and product system, and at the same time tell the brand story of "Golden The Green" to the outside world.

#### Tai'an Branch: "ecological priority, green development" public welfare tree planting activity

Tai'an Branch of the Bank carried out public welfare tree planting activities to spread the concept of green development. Planting trees on one side accomplishes a piece of hope. The tree-planting activity planted green financial concepts with the seed of "Golden The Green", aiming to enhance the sense of responsibility of employees to protect the ecological balance and green their homes, and to guide them to guard the green mountains with their financial strength, and to continuously strengthen the ability to provide green financial services.

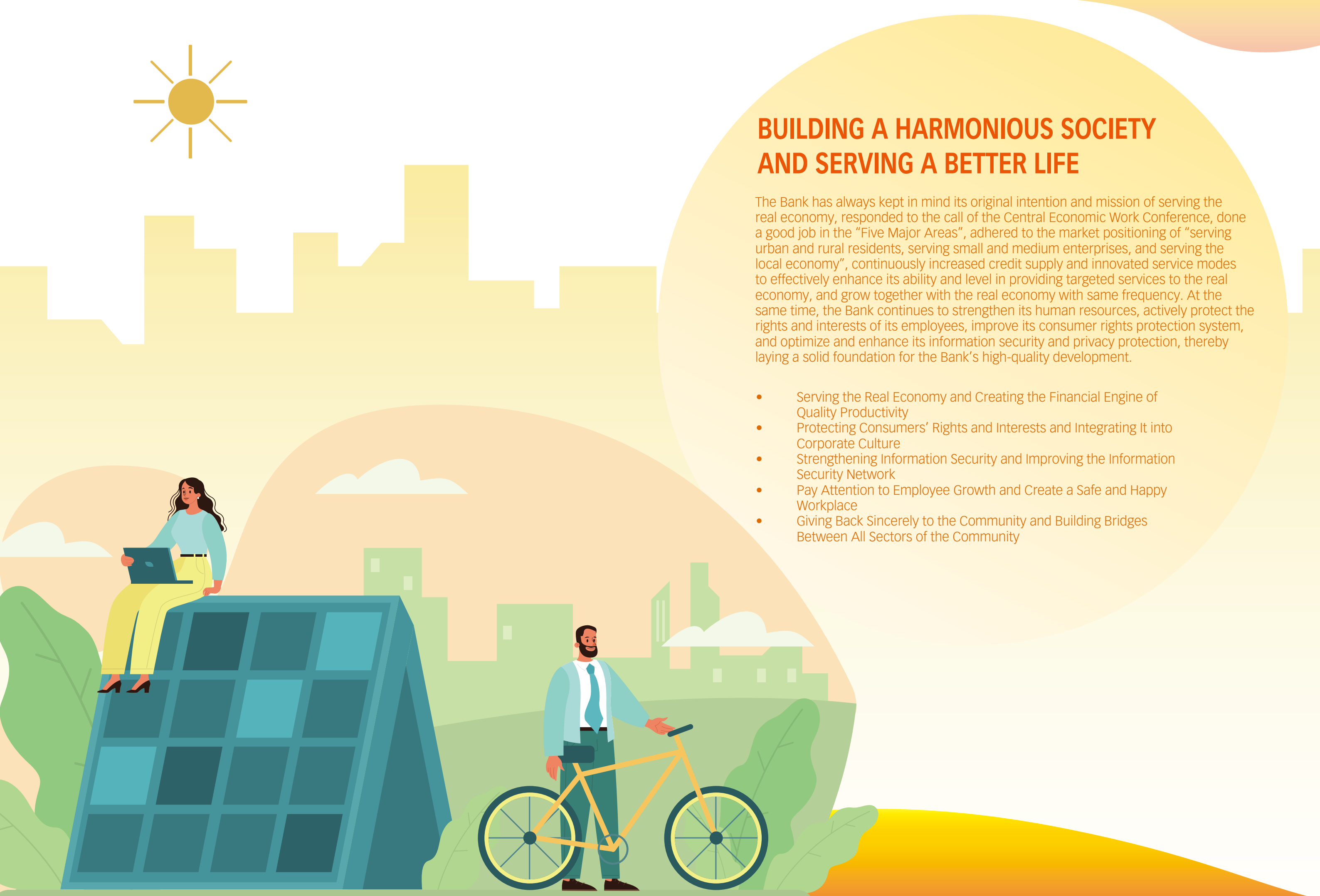




## BUILDING A HARMONIOUS SOCIETY AND SERVING A BETTER LIFE

The Bank has always kept in mind its original intention and mission of serving the real economy, responded to the call of the Central Economic Work Conference, done a good job in the “Five Major Areas”, adhered to the market positioning of “serving urban and rural residents, serving small and medium enterprises, and serving the local economy”, continuously increased credit supply and innovated service modes to effectively enhance its ability and level in providing targeted services to the real economy, and grow together with the real economy with same frequency. At the same time, the Bank continues to strengthen its human resources, actively protect the rights and interests of its employees, improve its consumer rights protection system, and optimize and enhance its information security and privacy protection, thereby laying a solid foundation for the Bank’s high-quality development.

- Serving the Real Economy and Creating the Financial Engine of Quality Productivity
- Protecting Consumers’ Rights and Interests and Integrating It into Corporate Culture
- Strengthening Information Security and Improving the Information Security Network
- Pay Attention to Employee Growth and Create a Safe and Happy Workplace
- Giving Back Sincerely to the Community and Building Bridges Between All Sectors of the Community



## SERVING THE REAL ECONOMY AND CREATING THE FINANCIAL ENGINE OF QUALITY PRODUCTIVITY

In line with ESG concept, the Bank accordingly established “Six Management Committees” covering compliance management, green finance, technology finance, inclusive finance, pension finance and digital finance, closely followed the “Five Major Areas” for serving the real economy. In order to systematically plan key initiatives, the Bank formulated “Three-Year Action” implementation and evaluation plan, ensuring significant advancements in above areas.

### Serving technology finance and contributing to develop the country through technology

The Bank strongly supports the development of technology innovation and actively serves enterprises in the technology innovation industry, doing a good job in “technology finance” major area.

#### *Mechanisms for safeguarding technology finance system*

The Bank’s technology finance work is under the responsibility of the Technology Finance Management Committee. At the Head Office level, the office of the committee responsible for the execution of the work related to technology finance is located in the corporate banking department. In terms of safeguard mechanism, the Bank has established a team of talents, credit policy and financial products specialized in serving technology enterprises, and has increased the inclination of financial resources in the field of science and technology innovation so as to enhance the quality and efficiency of services to technology enterprises.

## SERVING THE REAL ECONOMY AND CREATING THE FINANCIAL ENGINE OF QUALITY PRODUCTIVITY (CONT'D)

### Serving technology finance and contributing to develop the country through technology (cont'd)

*Focus on key areas and create: “the year of reinventing technology finance brand”*

2024 was the Bank’s “the year of reinventing technology finance brand”, and “activity plan for the year of reinventing technology finance brand” has been formulated, with the Technology Finance Management Committee being responsible for the strategic planning, goal-setting, decision-making and deployment, and supervision of the implementation of the activities.

The Bank’s work in technology finance focused on key areas and customer groups and innovated science and technology financial products and service systems at different stages of science and technology enterprises, optimized the exclusive support policies and credit evaluation system for technology finance, strengthened the promotion of technology finance brands, and promoted the reshaping and upgrading of technology finance brands.

In 2024, the Bank followed closely the policy guidance of technology finance, combined with the development direction of new quality productive forces, accurately guided the marketing and development of science and technology loans, explored the support of strategic emerging industries, improved the cultivation and support of future industrial customers, gave full play to the characteristics of its high-growth, enhanced customer stickiness, improved the comprehensive contribution, and established a benign asset and business cycle. During the Reporting Period, loan growth of RMB**5.019** billion for science and technology enterprises.

By the end of 2024, 1,406 customers of technology enterprises were served by the Bank, with a loan balance of technology enterprises of RMB10.114 billion, representing an increase of 98.51% with the end of last year. Among them, the balance of loans for “specialized and new” SMEs amounted to RMB6.396 billion.





## SERVING THE REAL ECONOMY AND CREATING THE FINANCIAL ENGINE OF QUALITY PRODUCTIVITY (CONT'D)

Serving technology finance and contributing to develop the country through technology (cont'd)

### Connecting with Technology-Driven Enterprises to Meet Diverse Financing Needs

Fully leveraging its strategic advantages in technology finance, the Bank has optimized its credit structure and innovated financial service models to support innovation driven by technology enterprises, promoting the commercialization of technological achievements, and meeting diverse financing needs, thus playing the role of technology branch as a demonstration of leadership. During a visit, the Bank identified the financing needs of a Shandong-based information technology company specializing in IoT R&D. Recognized as a Double Soft and state-level science and technology-oriented small and medium-sized enterprise, the company holds over 30 independent intellectual property and data intellectual property certificates, classified as a “light-asset, high-growth” enterprise. By collaborating with the Intellectual Property Administration and Big Data Bureau and combining with the enterprise’s data resources, the Bank actively responded to the financing needs of the enterprise and successfully facilitated Weihai City’s first data intellectual property pledge guarantee, disbursing credit funds to support the company’s production and R&D investments, thereby empowering regional high-quality economic development.

### Serving inclusive finance: full commitment to enhancing livelihoods

Inclusive finance, designated as one of the “Five Major Areas” in the Central Financial Work Conference, is a critical area for financial services to support the real economy.

- System and mechanism guarantee for inclusive finance

During the Reporting Period, the Bank’s Inclusive Finance Committee was responsible for the strategic planning, target setting, decision making, and supervision and execution of activities. Measures were refined across operational models, performance evaluation, and resource allocation to channel credit resources toward key sectors and underserved areas, bolstering the high-quality development of real economy.

## SERVING THE REAL ECONOMY AND CREATING THE FINANCIAL ENGINE OF QUALITY PRODUCTIVITY (CONT'D)

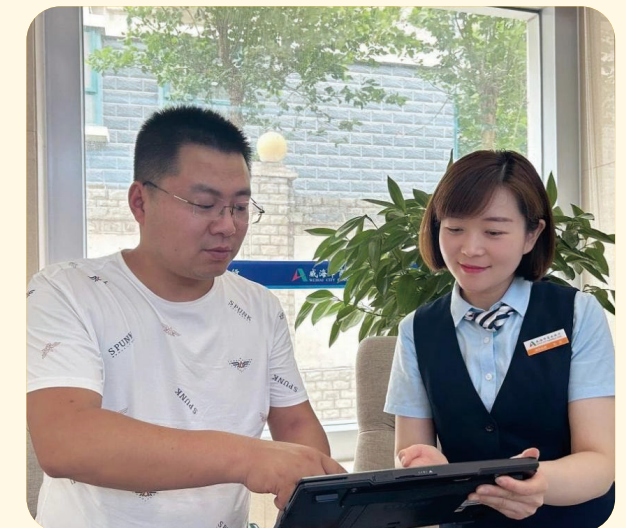
Serving inclusive finance: full commitment to enhancing livelihoods (cont'd)  
*Strengthening top-level design: creating “Breakthrough Year of Inclusive Finance Growth”*

2024 marked the second year of the Bank’s Three-Year Inclusive Finance Action Plan. The Bank’s Inclusive Finance Committee designated 2024 as the “Breakthrough Year of Inclusive Finance Growth”, and formulated Activity Plan for the Breakthrough Year of Inclusive Finance Growth. The Bank achieved significant milestones during the Reporting Year.

As of the end of the Reporting Period, the Bank’s balance of inclusive finance loans was RMB**31.771** billion, representing an increase of RMB**2.084** billion compared to the end of last year.

### Deepening technology empowerment, realizing “intelligent” online services

The Bank has optimized and upgraded its online operation model, revamped its product marketing approach and provided customers with a full range of online loan products covering credit, mortgage, pledge and warranty. It enables online applications, online signing, online disbursement, online repayment and online account management for credit businesses. Meanwhile, leveraging technologies such as platform credit networking, electronic signature and third-party evidence preservation, the Bank has achieved one-click credit inquiry, one-click data query authorization and one-click activation for loan extensions and renewals, forming a credit service model of “channel application, intelligent approval and data-driven decision-making”.



Client using the “Digital Inclusive Financial Service Platform” to process business online

**SERVING THE REAL ECONOMY AND CREATING THE FINANCIAL ENGINE OF QUALITY  
PRODUCTIVITY (CONT'D)**

Serving inclusive finance: full commitment to enhancing livelihoods (cont'd)

**Improve the product system, meeting the "Diversified" Needs of Customers**

The Bank has been deeply cultivating an inclusive finance ecosystem, consistently accelerating its innovation efforts. Adhering to the "product + platform + online" development philosophy, our Bank has rolled out six major product matrices and sub-series products under the themes of Inclusive Finance for Business Support, Enterprise Empowerment, Technology Advancement, Green Initiatives, Agricultural Revitalization and Financial Relief. During the Reporting Period, the Bank organizes the "Scenario Financial Competition", which deeply integrates inclusive financial products with regional characteristics and customer needs, and provides differentiated products and services to accurately irrigate key areas and industries with special characteristics. Focusing on key areas such as "specialized and innovative", the Bank has innovatively launched tailored products such as easy loan for technology and intellectual property pledge loans, providing full life-cycle financial services for science and technology enterprises, and promoting the benign interaction and integrated development of science and technology, industry and finance.



The Scene of the "Scenario Financial Competition"

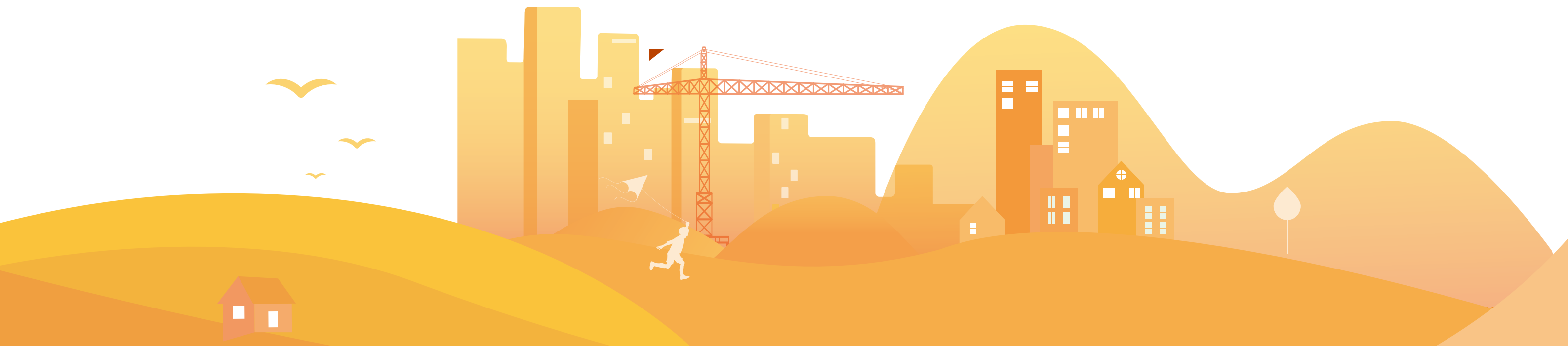
**SERVING THE REAL ECONOMY AND CREATING THE FINANCIAL ENGINE OF QUALITY  
PRODUCTIVITY (CONT'D)**

**Optimize the service model, improving the "effectiveness" of the precise irrigation**

The Bank has actively launched specialized initiatives such as the "Inclusive Finance Promotion Month", "Financial Support for Spring Farming Preparations", "Extensive Enterprise Visitation Campaign", and "Financial Counsellor", conducting in-depth visits to small and micro-enterprises in high-tech industries, leading agricultural enterprises, and green manufacturing sectors. Leveraging a "One-Cluster-One-Solution" service model, the Bank achieved precise alignment with client needs, while a collaborative "Government + Finance" and "Guarantee + Subsidy" mechanism jointly addressed financing challenges. Meanwhile, the Bank optimized internal service mechanisms by integrating inclusive finance as a core metric into its performance evaluation system. A professional team of inclusive finance customer managers was established, with clear due diligence exemption standards defined to foster a service environment that encourages "confidence in lending, willingness to lend, capacity to lend, and expertise in lending", which has enabled the Bank to continuously amplify credit support, empowering small and micro-enterprises to achieve robust growth.



Launching the "Extensive Enterprise Visitation Campaign", gaining deep understanding of the financial needs of enterprises





## SERVING THE REAL ECONOMY AND CREATING THE FINANCIAL ENGINE OF QUALITY PRODUCTIVITY (CONT'D)

Serving inclusive finance: full commitment to enhancing livelihoods (cont'd)

The in-depth implementation of the "Inclusive Finance Promotion Month" initiative under the theme of "Inclusive finance services benefit thousands of enterprises and households"

### Policy outreach with "breadth", reinvigorating financial literacy

In 2024, our Bank strengthened its integrated "online + offline" promotional strategy. With respect to online, leveraging official websites, WeChat official accounts, and other self-media platforms, our Bank issued and interpreted inclusive finance policies, disseminate financial knowledge to the public, and promoted financial products and services, which enhanced public awareness and engagement with inclusive finance. With respect to offline, capitalizing on its advantage of "full coverage of the province" branches, our Bank deployed LED screens, digital displays, pull-up banners, and brochures to conduct comprehensive outreach on inclusive finance, which fostered a robust campaign atmosphere and further expanded the breadth of inclusive finance advocacy.



### Campaign advancement with "depth", expanding outreach coverage

Our Bank deepened its "government entities, financial institutions, and enterprises" tripartite collaboration mechanism, strengthening partnerships with industry and commerce associations, chambers of commerce, industrial parks, and commercial districts. Focusing on key groups such as small and micro-enterprises, individual businesses, and science and technology enterprises, our Bank centralized efforts through enterprise visitation campaigns, such as the "Inclusive Finance Enterprise Visitation" and "Financial Counsellor" to gain in-depth understanding of enterprise needs and amplify credit supply. Meanwhile, our Bank enhanced "Head Office, branches and sub-branches" three-tiered joint promotions, adopting a geographically segmented responsibility and grid-based service approach to deliver initiatives that benefit people directly to thousands of enterprises and households. By flexibly deploying tailored inclusive finance products, our Bank addressed the diverse financial demands of market entities.



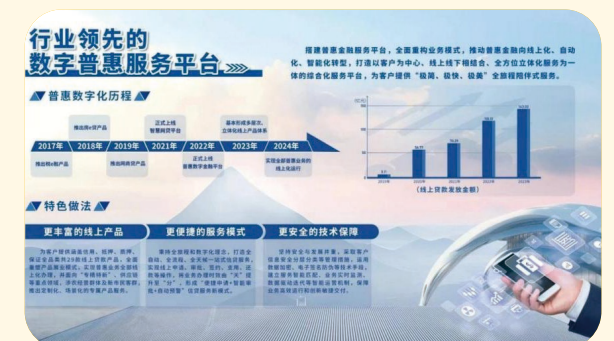
### Financial services with "precision", re-energizing rural revitalization

Our Bank synergized the "Inclusive Finance Promotion Month" initiative with the "Financial Support for Spring Farming Preparations" campaign, aligning rural revitalization objectives with its specialized strengths to actively explore innovative models for the revitalization of rural financial services. Leveraging tailored agricultural products such as the "Greenhouse Loan", "Farming Loan", "Apple Loan", "Seed Breeding Loan", "Abalone Loan" and "Oyster Loan", our Bank delivered precision support tailored to clients' crop growth cycles, upstream and downstream production and sales, and loan demand, which targeted bolstered the development of agricultural industries, including seed breeding, farming and cultivation, deep processing, and warehouse and logistics, to benefit, strengthen, and revitalize agriculture industry.



### Service efficiency with "intensity", elevating customer experience

Our Bank has fully leveraged the advantages of its "Digital Inclusive Finance Platform", enabling online processing for inclusive finance products such as housing e-loan, easy loan for technology, and electronic warehouse receipt pledge loan, which provided clients with a "fully automated, full-process, all-weather" one-stop financial service experience. By integrating front-end technologies like facial recognition and voiceprint authentication, the platform transforms client data into decision-making insights for giving credit. Clients can swiftly complete business processes like identity verification, loan applications, progress tracking, and online repayments through the platform. Adhering to the principle of "make data function more and client beat up and down less", our Bank has achieved highly efficient online processing for inclusive finance business, delivering a best-in-class service experience.





## SERVING THE REAL ECONOMY AND CREATING THE FINANCIAL ENGINE OF QUALITY PRODUCTIVITY (CONT'D)

### Serving agriculture-related subjects: actively supporting the rural revitalization development strategy

For the purpose of fully implementing the decision-making and deployment of rural revitalization, innovating agriculture-related financial products, optimizing agriculture-related financial services and enhancing the capability and level of financial support for rural revitalization, the Bank established a task force for promoting and innovating in rural revitalization model. The task force consists of a leading group and a working group to coordinate rural revitalization business and product innovation. During the Reporting Period, the Bank continuously innovated its business models, expanded product offerings, and streamlined service process to facilitate the placement of agricultural loans.

### Optimizing the service modes

The Bank innovatively adopted the guarantee cooperation mode of “policy agricultural guarantee company + agriculture-related subjects”, and perfected and strengthened communication and coordination with government departments with respect to industry access, approval process and risk control, explored the cooperation mechanism among government, finance, agricultural guarantee and the Bank, and jointly build a cooperation model that can be modeled, replicated and promoted. And the Bank created an organically integrated online and offline service model, introduced more differentiated financial products and services.

### Innovating in agriculture-related products

In 2024, in order to provide differentiated and characteristic financing services for green “agriculture, rural areas and farmers” and rural area revitalization, the Bank launched the “Green Agricultural Loan” product, which integrated green finance with agriculture-related finance, with the aim of further facilitate the sustainable and healthy development of green and inclusive business. The “Green Agricultural Loan” product serves green agricultural entities such as family farms, large farmers, farmers’ cooperatives, agricultural socialized service organizations, small and micro agricultural enterprises, and is used to support the development of green agriculture.

In addition, the Bank’s “Greenhouse Loan”, “Farming Loan”, “Apple Loan” and other rural revitalization-related online products business have contributed to the high-quality and high-efficiency development of the Bank’s rural revitalization inclusive financial business, which has continuously upgraded the quality and efficiency of the Bank’s rural revitalization efforts.

## SERVING THE REAL ECONOMY AND CREATING THE FINANCIAL ENGINE OF QUALITY PRODUCTIVITY (CONT'D)

### Innovative agricultural-related products inject “Financial Living Water” into rural revitalization

Mr. Tian, a garlic trader in Chengwu County, sought to expand his garlic reserves amid surging market prices but faced liquidity constraints and lacked suitable collateral for bank loans. As Mr. Tian risked missing the peak procurement season, the Bank’s customer manager introduced him to the electronic warehouse receipt pledge loan, our innovative financing solution. Leveraging the Bank’s online approval on the business platform, Mr. Tian’s loan application was approved on the same day, securing a liquidity loan amounting to RMB3 million, which promptly resolved his urgent funding needs.

Electronic warehouse receipt pledge financing exemplifies the Bank’s mutually beneficial cross-industry collaboration model, enabling borrowers to access credit without additional collateral other than warehouse receipt pledging, effectively addressing challenges like financing accessibility and affordability. Since 2024, the Bank has cumulatively issued 130 electronic warehouse receipt pledge loans amounting to RMB548 million to distributors in key garlic-growing regions such as Jining and Heze.

### Focusing on marine economy

Keeping a foothold in the characteristics of regional marine economy, the Bank actively promoted the “Blue Economy” service brand, innovated in financial products, broadened the boundaries of agriculture-related industries, focused on meeting the diversified financial needs of rural revitalization, tailored featured credit products for characteristic industries, and launched a series of small and micro fast loan products with the help of big data, Internet and other scientific and technological means, such as “Breeding Loan”, “Abalone Loan” and “Oyster Loan”, so as to better meet the diversified credit needs of agricultural business entities, support the development of marine-featured industrial clusters, and fully promote the transformation and upgrading of marine economy. As of the end of the Reporting Period, the Bank’s balance of agriculture-related loans was RMB24.862 billion, representing an increase of RMB5.477 billion, or 28.25% compared to the end of last year.

## SERVING THE REAL ECONOMY AND CREATING THE FINANCIAL ENGINE OF QUALITY PRODUCTIVITY (CONT'D)

### Serving pension finance, enhancing welfare for the elderly

#### *System and mechanism guarantee for pension finance*

The Bank's pension finance initiatives are overseen by the Pension Finance Management Committee, comprising department heads of the headquarter offices, and presidents of branches, administering banks and directly affiliated branches. At the headquarter level, the office of the committee that responsible for pension financing is set up in the Retail Banking Department, which drives innovation of pension financing and cultivates specialized pension finance offerings.

#### *Advancing pension innovation, establishing the "Special Year of Pension Finance"*

To accelerate pension finance innovation and develop tailored solutions, the Pension Finance Management Committee of the Bank designated 2024 as the "Special Year of Pension Finance" and formulated the Activity Plan for Special Pension Finance.

As of the end of 2024, the Bank's total financial assets held by clients aged over 55 amounted to RMB**94.637** billion, representing an increase of RMB12.786 billion, or **15.62%**, compared to the beginning of the year. The cumulative placement of credit in pension industry reached RMB651 million, representing a yearly increase of RMB534 million, or **456.41%**. All business outlets of the Bank opened "green channels" for services to the elderly. In 2024, **138,500** new accounts were opened for clients aged over 60 through the "green channels", and having **152,100** service instances for the elders, including advisory guidance, appointment booking, full process assistance, form-filling support, and document copying and printing.

Six of our outlets have been recognized by the Shandong Provincial Banking Association as "Aging-Friendly Service Featured Branches." Through a comprehensive evaluation process, 21 institutions, including the Headquarters Operating Department, Jinan Lixia Sub-branch and Tianjin Hedong Sub-branch, were rated as 2024 Headquarter-Level Benchmark Branches for Elderly Care Services.

#### *Strengthening anti-fraud awareness campaigns for the elderly*

To bolster fraud prevention awareness among the elderly, the Bank proactively conducted the "Stay Vigilant Against Financial Scams" initiative. By leveraging real-world case studies of successfully intercepted telecom fraud attempts, the Bank delivered dynamic educational sessions on the knowledge of identifying and avoiding scams.

As of the end of the Reporting Period, loan balances of the Bank's pension finance increased by 456.41% as compared to the end of the previous period.

## SERVING THE REAL ECONOMY AND CREATING THE FINANCIAL ENGINE OF QUALITY PRODUCTIVITY (CONT'D)

### Serving digital finance, introducing innovations to digital financing service

#### *System and mechanism guarantee for digital finance*

The Bank has established the Digital Finance Management Committee to coordinate the work related to digital finance. The office of the Digital Finance Management Committee is set up in the Internet Finance Department, and is responsible for the construction and development of digital finance platforms and products.

At the execution level, the Financial Technology Department will take the lead in improving diversified research and development investment in digital finance, while the Digital Banking Department will cooperate in accomplishing the related work.

#### *Developing digital intelligence platform and creating "New Growth Year for Digital Finance"*

Based on the construction and development of digital finance platform and products, the Bank's Digital Finance Management Committee recognizes 2024 as the "New Growth Year for Digital Finance". During the Reporting Period, the Bank's investment in technology research and development accounted for 1.88% of the Bank's total operating income, representing an increase of **10%** compared to 2023.

The Bank will promote inclusive and sustainable financial services through means of digitalization and intelligence. In the construction of its digital financial platform, the Bank focuses on three core areas, namely inclusive finance, retail finance, and industrial finance, and continues to improve its "Digital +" product system and launch innovative products and service models. The digital financial platform has been optimized through various models such as open banking platform, CBG scenario finance, and "Commercial E-Bao" ecological innovation, and the construction of inclusive E-loan, e-commerce loan, green finance business management system, and the expansion project of inclusive online product system, realizing the in-depth integration of digital technology and financial services, and provided customers with a more convenient, efficient, and safe financial experience.

During the Reporting Period, the Bank focused on the innovation of digital finance business models and platform channels, formed a comprehensive digital product system around industrial finance, supply chain finance, small and micro finance, and consumer finance, improved the organizational structure and talent team adapted to the development of digital finance, and achieved innovative growth.

In 2024, the balance of digital finance online loans increased by RMB**679** million. The balance of supply chain business increased by RMB**4.504** billion.

#### *Enhance the penetration rate of intelligent devices*

In 2024, the Bank will continue to improve the quality of its financial services, promote the construction of smart operation outlets, and enhance the experience and quality of customer services through the deployment of intelligent devices.

#### *Increase the deployment of smart devices to release the manpower efficiency of the counters*

In 2024, With the help of the data map of smart operation management platform, our Bank categorized and analyzed the counter operations of branches, allocated additional smart cash equipment for outlets with a high cash demand proportion, assisted the counters in all kinds of transfers and cash transactions, and directed the branches to divert counter operations in a targeted manner, thus increased the utilization rate of intelligent devices in the halls of our Bank from 38% to **50%** by deploying and supervising the usage of intelligent devices.

## PROTECTING CONSUMERS' RIGHTS AND INTERESTS AND INTEGRATING IT INTO CORPORATE CULTURE

The Bank attaches great importance to the protection of consumer rights and interests, establishes a sound mechanism for the protection of consumer rights and interests, strengthens management through various measures, and strictly implements the main responsibility for the protection of consumer rights and interests.

### Consumer rights protection system

The Bank has established a Consumer Rights Protection Committee at the Board level. The main responsibilities of the Committee include: formulating strategies, policies and objectives for the Bank's financial consumer rights protection work; supervising and evaluating the Bank's financial consumer protection work in terms of its comprehensiveness, timeliness and effectiveness, as well as the fulfillment of duties by the senior management; proposing resolutions in relation to the protection of consumer rights and interests to the Board; receiving regular reports on the status of the consumer rights protection; and supervising the disclosure of information on consumer rights protection to the public.

During the Reporting Period, in terms of regulating service behavior, the Bank revised and improved its service standards, launched a new version of the "Service Patrol Video Inspection Outline", continuously optimized its service initiatives, and refined its service management requirements for its branches. The Bank strengthened service management through on-site and off-site forms, standardized staff service behavior, enriched service inspection methods, and continued to improve the overall service level and customer satisfaction.

The bank has established a leading group for consumer rights protection, with the Chairman serving as the group leader, the president as the deputy leader, and other senior executives as members.

### Leading Group

Responsible for researching and developing working mechanisms and work plans for consumer rights protection, as well as unifying the planning and overall deployment of consumer rights protection.

### Office under the Leadership Group

Headed by the director of the Service Supervision Department, with relevant department heads from the headquarters serving as members.

Tasked with implementing the resolutions of the Board's Consumer Rights Protection Committee and the work arrangements of the leadership group; organizing the formulation and review of fundamental consumer rights protection policies to establish a comprehensive system; and building a bank-wide consumer rights protection management framework. This includes clarifying the responsibilities of various business units and departments in consumer rights protection efforts, and improving decision-making, execution, and evaluation mechanisms for consumer rights protection work.

## PROTECTING CONSUMERS' RIGHTS AND INTERESTS AND INTEGRATING IT INTO CORPORATE CULTURE (CONT'D)

### Consumer rights protection training

The Bank has always taken customer as the center and continued to improve the quality and efficiency of its services. The Bank constantly consolidated its effectiveness, advanced with the times, and strived to provide high-quality, efficient, and heart-warming services, and made every effort to create a first-class service experience.

In terms of optimizing the training system, two training sessions on "Talk about Compliance, Aware of Bottom Line, Improve Quality and Efficiency" were jointly organized by multiple departments to improve service capability. The training sessions train frontline staff on service concepts and skills, and improve the working ability, professionalism and service quality of employees, starting from various aspects such as customer service, service standards and consumer protection.

In the area of training course development, the new service improvement course developed won the Goldsmith Award in the 2024 "Alliance Cup" Teaching Program Design Competition, which empowers the training work.

### Adhering to the service concept of "Finance for the People, Consumer Protection for the People" and strengthening the awareness of consumer protection among all staffs

In order to further enhance the awareness and working level of the Bank's staff at all levels of consumer rights protection, In April 2024, the Service Supervision Department organized the annual special training on consumer rights protection, presided over by the secretary of the Disciplinary Inspection Commission. Participants included dual-line managers in charge of complaints from relevant departments and offices under the Head Office, the bank leaders in charge of relevant areas, the general manager of the Comprehensive Management Department and consumer protection staffs.

The training centered on hot issues for consumers in the banking industry, black and grey banking, diversified dispute resolution, consumer protection review, personal information protection, etc. Through interactive teaching, case-based analysis and other diversified training methods, it further enhanced the participants' abilities of handling and resolving difficult complaints.

### Consumer rights protection performance

In 2024, a total of **6,374** employees participated in consumer rights protection activities of the Bank. The Bank launched **1,126** publicity activities, reaching 364,200 consumers and producing more than **627** original promotional works.



## PROTECTING CONSUMERS' RIGHTS AND INTERESTS AND INTEGRATING IT INTO CORPORATE CULTURE (CONT'D)

### Consumer complaint management mechanism

The Bank has formulated the Implementation of "Four Early" Control Mechanism for Reporting and Complaints," studied the advanced practices of complaint management, refined the measures for complaint management, and promoted the complaint management process in accordance with "early detection and fulfillment of its responsibility; early reporting and standardization of the handling process; early prevention and traceability management; and early resolution and fulfillment of the responsibility of the person in charge.

The Bank adhered to the "12345" complaint handling mechanism, strengthened complaint data analysis, implemented entity responsibility and continuously strengthened supervision.

**Consolidating the first-in-charge responsibility system:** The Bank formulated the List of Responsibility System for Consumer Protection Subjects, and implemented the responsibilities to responsible leaders and specific posts one by one.

**Adhering to the dual-line management of complaints:** The Bank stipulated that customer complaints should be allocated and handled by the Service Supervision Department, the leading department, and also be assigned to the departments and offices under the Head Office subject to business ownership, and then the Head Office and branches should jointly seek resolutions.

**Implementing the whole-process management of complaints of "hidden danger investigation beforehand, diversified solution in the process, and traceability management afterwards":** The Bank strengthened front-end prevention and control and hidden danger investigation, and resolved customer demands according to the principle of "three in place and one handling"; and these departments and offices under the Head Office strengthened top-level design and carried out traceability management of customer demands.

**Implementing the "four early" complaint control mechanism:** Namely, "early detection, early reporting, early prevention and early resolution" to enhance handling efficiency.

**Strengthening the five assessments of complaints:** The Bank formulated a complaint control plan on an annual basis, strengthened the assessment and accountability, and incorporated the complaint assessment results into the five management assessments, including comprehensive operation performance.

## PROTECTING CONSUMERS' RIGHTS AND INTERESTS AND INTEGRATING IT INTO CORPORATE CULTURE (CONT'D)

### Financial knowledge popularization campaigns for consumers

The Bank attaches great importance to financial education and publicity in the banking industry to enhance public awareness of risk prevention and control, eliminate hidden dangers of infringement of consumer rights and interests, and build a harmonious financial ecological environment.

The Bank actively promoted the financial knowledge popularization through "online + offline" model:

- 📌 **Online channel:** Expanded the coverage of financial knowledge publicity through official websites, mobile banking, WeChat official account, etc.
- 📌 **Offline channel:** Deeply carried out the "five-entry" activities, namely entering rural areas, communities, campuses, enterprises and commercial districts, focusing on key groups and hot issues, and enhancing consumers' financial literacy.

In 2024, the Bank organized the "3•15" Financial Consumer Rights Protection Education and Publicity Week Activity; in June 2024, the Bank organized the "Financial Knowledge Going Everywhere Activity (普及金融知識萬里行活動)" and the "Starry Sea Programme & Jin-Hui Project" Financial Knowledge Walking with You Activity (「星海計劃&金惠工程」金融知識伴你行活動); in September 2024, the Bank organized the "Financial Education and Publicity Month" Activity (「金融教育宣傳月」活動), and actively participated in the "Caravan (大篷車)" publicity and took the lead in organizing the "Financial Knowledge Popularization Group (金融知識宣講團)" to promote financial knowledge in the community. By focusing on key groups and hot issues, and adopting a publicity mode combining "online + offline" and "centralization + position" to improve the effectiveness of publicity, the Bank further helped consumers understand financial knowledge and financial risks, and enhanced consumers' financial literacy, with 125 outlets of the Bank actively participating in the publicity activities.

## PROTECTING CONSUMERS' RIGHTS AND INTERESTS AND INTEGRATING IT INTO CORPORATE CULTURE (CONT'D)

### Financial knowledge popularization campaigns for consumers (cont'd)

#### Popularizing financial knowledge and practicing the image of social responsibility

Relying on community public resources and neighborhood exchange platforms, the Lingang District Branch of our Bank actively engages in public undertakings, and jointly carries out various series of community volunteer activities such as community financial knowledge lecture, small banker, and public welfare bazaar with the neighboring communities. Through on-site explanation, distribution of publicity materials, etc., it publicized the anti-counterfeiting, telecommunication network fraud, illegal fund-raising, account and bank card security to further improve the public's ability to prevent counterfeiting and identify fraud, to show the branch's good image of social responsibility, and at the same time, aiding by the activities, it strengthened the advantages of the bank's product promotion, enhanced the degree of awareness of the public, and solidified the customer base for the development of the branch's business.

### Financial elderly-friendly facilitation construction

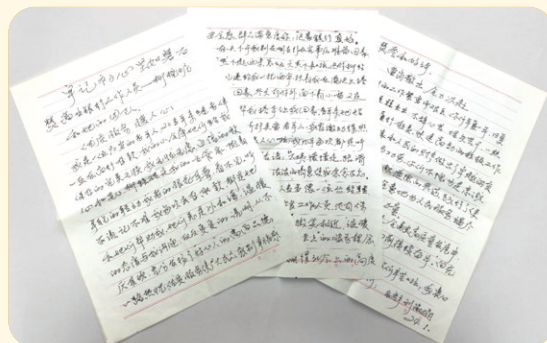
#### Improvement of elderly-friendly service standards

During the Reporting Period, the Bank refined and perfected its "elderly-friendly" service standards, deepened its elderly-friendly services, and significantly improved its ability to serve the elderly customer base. At the same time, the Bank prepared two special issues on "elderly-friendly" services, taking into account the stories and cases of elderly customers served by its branches, and organized a study on the issue throughout the Bank.

#### Service work is no small matter, service details warm the hearts of people

In February 2024, Guangming Sub-branch of our Bank received a letter of gratitude from an elderly person over 90 years old. The old woman and her husband, both retired cadres, often come to the sub-branch to withdraw their salaries, the sub-branch staff's kind service has always made her grateful.

The sub-branch will transform the trust of the elderly into the work of the impetus, pay more attention to the details of customer service, so that customers can feel the warmth and temperature of the sub-branch, and effectively improve customer satisfaction and reputation of our Bank.



## PROTECTING CONSUMERS' RIGHTS AND INTERESTS AND INTEGRATING IT INTO CORPORATE CULTURE (CONT'D)

### Financial elderly-friendly facilitation construction (cont'd)

#### Actively promoting facilitation services

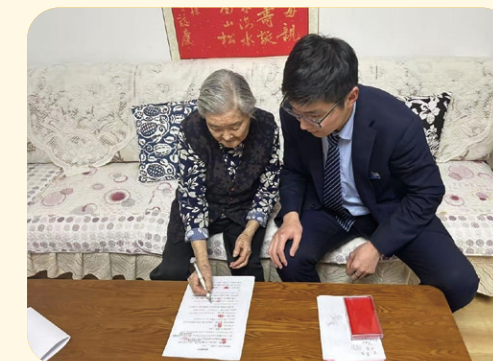
During the Reporting Period, in order to better meet the diversified payment service needs of the elderly, foreign residents in China and other groups, the Bank actively promoted the "Coin Cases" service to optimize the cash circulation environment and provide more high-quality and convenient financial services.

#### Improve customer service capacity for special groups

The Bank made efforts to enhance its ability to serve customers of special groups, enhance the customer experience of heartwarming service, and provide more intimate, thoughtful and convenient heartwarming service to customers of special groups. During the Reporting Period, the Bank continued to optimize the customer experience by providing training and guidance through external lecturers to enhance the quality and level of counter service of its employees and improve customer satisfaction.

#### Launching the "Tribute to the Years, Hand in Hand through the Years" elderly wedding charitable photography event

In order to appreciate customers for their support to the branch and further enhance satisfaction and experience, our Haopo Branch launched the "Tribute to the Years, Hand in Hand through the Years" elderly wedding charitable photography event. During the initial phase of the event, the branch customized promotional posters and invited 20 pairs of middle-aged and elderly VIP customers to participate in the event. In order to ensure the smooth commencement of the event, the branch set up a photography venue in advance, invited professional make-up artists to do the make-up for the customers, and also prepared exquisite costumes. The customers who participated in the event came to the branch with great expectations, dressed up carefully, and left beautiful time photos under the guidance of the photographer. This event further brought the branch closer to the customers. While the customers were waiting for taking photos, the staff of the branch timely publicized the latest products of the Bank to the customers, which was unanimously praised by the customers.



## PROTECTING CONSUMERS' RIGHTS AND INTERESTS AND INTEGRATING IT INTO CORPORATE CULTURE (CONT'D)

### Financial elderly-friendly facilitation construction (cont'd)

- *Improve customer service capacity for special groups (cont'd)*

#### "Zero Distance Care Brings Warmth to Hearts" lobby event

During the Reporting Period, the Jingyuan Branch of our Bank invited high-end elderly customers of the branch to carry out the "Zero Distance Care Brings Warmth to Hearts" lobby event to spread love and warmth to the hearts of elderly customers. The event mainly focused on how to operate smartphones, starting from aspects closely related to elderly customers, such as "clothing, food, housing, transportation and medical care", explaining in detail the operation procedures of smartphone-related APPs for elderly customers, and providing on-site guidance on how to operate "DiDi, Meituan, seek medical care with medical insurance card", etc. The customers responded positively to this event, saying that it is very meaningful, and that they can really learn the knowledge and familiarize themselves with the application of smartphones to keep up with the pace of progress of the times.

In 2024, focusing on the key groups covering "old, young and new citizens", the Bank will continue to carry out publicity activities on the protection of the rights and interests of financial consumers for different groups.

- 📌 **Caring for the elderly and preventing financial risks.** The Bank has set up a financial knowledge publicity volunteer team to popularize fraud means, introduce financial risk knowledge, guide the majority of elderly people to prevent financial risks and establish correct and rational investment concepts.
- 📌 **Caring for the youth and improving financial literacy.** The Bank went into colleges and universities, introduced to students the eight rights and interests of consumers, the protection of personal information security, the prevention of Internet fraud and other financial knowledge, and guided young people to establish a correct concept of consumption and awareness of information security.
- 📌 **Caring for new citizens and popularizing smart finance.** Focusing on the financial needs of the new citizen group, the Bank conducts financial lectures for migrant workers to popularize the knowledge of smart banking for the new citizens, and enhances their financial literacy and awareness of financial security.

## STRENGTHENING INFORMATION SECURITY AND IMPROVING THE INFORMATION SECURITY NETWORK

The Bank strictly complies with relevant laws, regulations and regulatory requirements, continuously improves its information security and cybersecurity and privacy protection management structure, and actively promotes employees' awareness of information security.

### Information security protection system

The Bank attaches great importance to the management of information security and the protection of customers' personal privacy, and strictly complies with the Cybersecurity Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China and other laws and regulations. It has set up a leading group on cybersecurity and the protection of customer information, which is responsible for the coordination and dispatch of the Bank's cybersecurity and the protection of customer information. The bank has established an IT security management system that complies with the requirements of the national supervision of the field of financial IT, and ensured its operational effectiveness.

In terms of information security protection system, the Bank formulated the Administrative Measures for Customer Information Protection, standardized the process of customer information use, and prevented and controlled the risk of illegal use and dissemination of customer information. The Bank established the Production Data Management and Control Program, covering the definition, backup and recovery strategy of data, and the safety protection measures and specific requirements for the extraction, use and destruction of production data. And the Bank took automatic desensitization measures prior to using production data in batches for non-production environments. In the meantime, the Bank has formulated cybersecurity management systems such as the Customer Information Management Procedures for Core Systems to clarify the management requirements for the safe protection of personal information and data, and to standardize control measures such as data encryption, minimum authorization, and anonymization in the process of collecting and using customer information.

### Cybersecurity awareness enhancement training

The Bank actively carried out cybersecurity awareness enhancement training and strengthened the awareness of cybersecurity protection of all employees by carrying out centralized training and sub-branch secondary training, etc., so as to effectively carry out cybersecurity protection of the entire Bank. During the Reporting Period, **224** training sessions were organized to enhance cybersecurity awareness, covering **13,276** employees.

The Bank conducts regular cybersecurity awareness enhancement trainings to comprehensively enhance the level of cybersecurity awareness of the Bank's staff, starting from confidentiality management, cyberattacks, software licensing, and physical security.

### Cybersecurity protection performance

In 2024, the Bank carried out external certification and audit of cybersecurity and engaged a third-party assessment organization to carry out the Bank's tertiary information system cybersecurity level protection assessment, all the results of the assessment met the requirements of the competent authorities, and during the Reporting Period, there were no significant incidents of information security and leakage of customer privacy.



## PAY ATTENTION TO EMPLOYEE GROWTH AND CREATE A SAFE AND HAPPY WORKPLACE

The Bank strives to create an inclusive, diversified and warm working environment for its employees. The Bank provides a comprehensive employee training system, competitive compensation and benefits package and fair and open promotion and communication channels for its employees to escort the employees development.

### Emphasizing the protection of employees' rights and interests

Strictly in compliance with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other relevant laws and regulations, the Bank has formulated the Remuneration Management Procedures, which set out detailed provisions on employee remuneration and dismissal, recruitment and promotion, diversity, anti-discrimination, etc., to build a good labor and employment relationship and to effectively protect the legitimate rights and interests of its employees.

In 2024, the Bank strengthened the management of labor contracts and continuously improved the provisions on the termination and dissolution of labor contracts and other circumstances. The contents of such labor contracts conformed to the provisions of laws and administrative regulations, the subjects signing the contracts did so under the premise of mutual respect and equal consultation, and the rate of signing labor contracts was 100%.

### Ensuring the health and safety of employees

The Bank fully recognizes that the health and safety of employees are of vital importance to the stable operation of the enterprise. To ensure the health and safety of employees, the Bank strictly complies with laws and regulations, including the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and the Fire Control Law of the People's Republic of China. In addition, the Bank organizes health check-ups for employees, demonstrating its commitment to their well-being.

The Bank places great emphasis on the security of its operating premises. In 2024, the Bank formulated the "Implementation Plan on Three-Year Action for tackling the root cause of production safety (2024-2026)", aimed at eliminating all kinds of safety hazards and comprehensively enhancing the Bank's safety production management level to ensure the safety of employees' lives and property and the stable and orderly operation of business. During the Reporting Period, the Bank closely linked safety production with compliance management, risk prevention and control and public sentiment management to firmly establish a "comprehensive safety" mindset. The Bank also conducted systematic training on security systems, role-specific safety guidelines and emergency plans, continuously improving the safety quality of all employees. In 2024, the Bank organized a total of 33,000 management and employees to participate in anti-robbery and fire simulation drills at business premises, continuously enhancing the emergency responsiveness and safety awareness of all employees.

### Caring for the physical and mental health of employees

The Bank is committed to creating a warm and harmonious working atmosphere, enhancing employees' centripetal force and cohesion, stimulating employees' passion for entrepreneurship and promoting the construction of a happy culture. During the Reporting Period, a number of colorful employee activities were carried out.

## PAY ATTENTION TO EMPLOYEE GROWTH AND CREATE A SAFE AND HAPPY WORKPLACE (CONT'D)

### Emphasizing the protection of employees' rights and interests (cont'd)

#### Female employee care

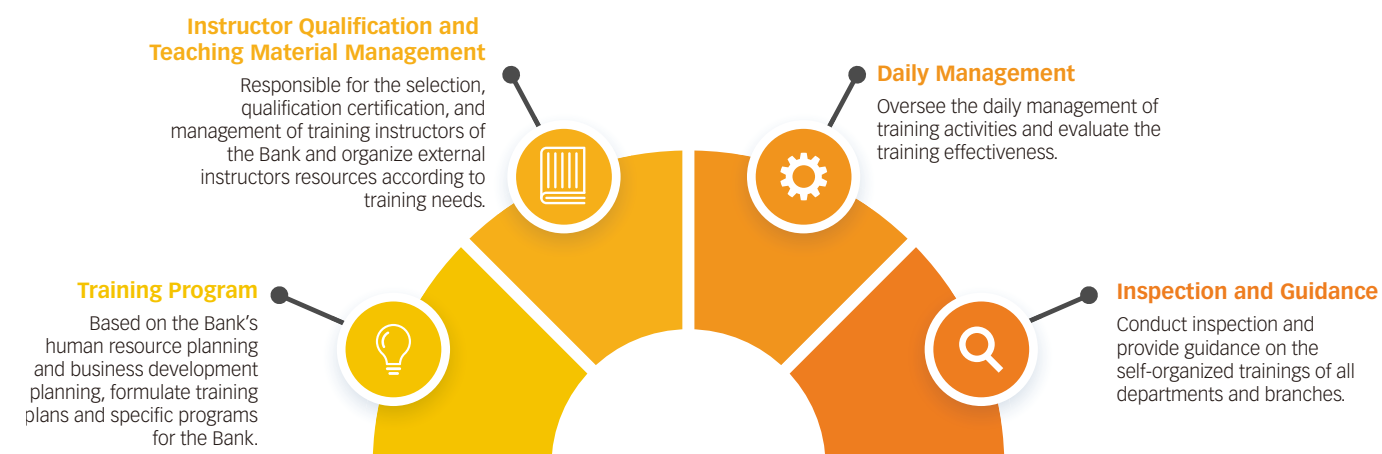
The Bank attaches great importance to the female employee care. During the Reporting Period, the Bank enriched the spiritual and cultural life of female employees through diversified "Demonstrating the Power of Female" activities and created a happy working atmosphere.

### Assisting employees in enhancing their growth

The Bank carries out the strategy of "Strengthening the Bank with Talents" in depth, establishes the concept of "Managing Talents throughout the Bank", adheres to the principle of "Learning from Benchmarks within the Bank and from the Advanced outside the Bank", makes good career plans for employees, improves the competitive employment mechanism, unblocks the promotion channels for employees, continuously cultivates and taps talents, and enhances the endogenous motivation of the Bank. The Bank creates an atmosphere of "cherishing talents", deeply implements the "talent exception system", opens its mind, expands recruitment, cherishes and retains talents. In the meantime, the Bank creates an atmosphere of "utilizing talents", boldly selects and utilizes outstanding talents, and thus cultivates a group of professional, expert and innovative talents.

In the construction of the training system and mechanism, the Bank has established a centralized talent training center in accordance with the Bank's overall human resources development plan and business development plan in order to coordinate and overall plan talent cultivation and implement the training work across the Bank.

In terms of the talent mechanism of attraction, cultivation, retention and employment, the Bank has laid a solid foundation for human resources in four aspects: strengthening the introduction and cultivation of high-end talents, improving the incentive mechanism for high-end talents, and optimizing the development environment for high-end talents; creating an atmosphere of innovation through assessment and evaluation, and making an annual selection of model innovation projects; improving the support for the payroll, and implementing the "one person, one negotiation" agreement on remuneration to enhance the overall talent attraction of the Bank; strengthening the guarantee for the talent compensation and encouraging an atmosphere in which employees strive for excellence through competition in the entire Bank.



## PAY ATTENTION TO EMPLOYEE GROWTH AND CREATE A SAFE AND HAPPY WORKPLACE (CONT'D)

### Scientific employee appraisal performance

In line with regulatory requirements, laws and regulations, and corporate governance requirements, the Bank has formulated the Remuneration Management Procedures and established the basic principle of “salary based on post, ability, performance and market reference”. The Bank continues to improve the remuneration management system, provides a remuneration adjustment channel for employees with different abilities and performance, and strives to match the remuneration with job responsibilities, risks and contributions, fully reflecting the performance orientation and forming an income distribution mechanism tilted towards abilities, contributions and benefits.

- 🕒 **Regular remuneration** The remuneration structure of the Bank mainly includes basic salary, performance-based remuneration and medium and long-term incentives. Among them, performance-based remuneration and medium and long – term incentives are variable remuneration, which are distributed based on factors such as current and long-term performance contribution and risk condition, and different lock-up periods are set for medium and long-term incentives based on the length of service of employees in the Bank and are subject to deferred payments for all employees.
- 🕒 **Benefits** Provision of social insurance and other welfare programs, including pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, housing provident fund and enterprise annuity.

In terms of performance appraisal, the Bank has been steadily promoting differentiated appraisal in terms of stratification and classification. In accordance with the appraisal orientation of “distribution according to work, reward based on workload, and priority on efficiency”, the Bank adheres to the principle of marketization, highlights the degree of contribution to development, and continuously optimizes and adjusts the appraisal methods, appraisal indexes, appraisal grades, application of results and other contents of performance assessment for all employees.

Meanwhile, the Bank has formulated the Management and Assessment Measures for the Reform and Innovation Work (《改革創新工作管理與考核辦法》), which provides annual selection and rewards for model innovation projects and creates an atmosphere of innovation in the entire Bank.

In terms of the cultivation of cadre team, the Bank has established systems such as the Cadre Management Measures (《幹部管理辦法》) and the Operation Guide on the Appointment and Removal of Medium – and High-level Management (《中高級管理人員任免作業指導書》), and continues to implement the selection and appointment mechanism of “promoting the competent persons, demoting the incompetent persons, and replacing the mediocre persons”, and regulates the selection criteria, procedures, supervision, and withdrawal of cadres, etc., so as to ensure that the cadre management work is conducted according to rules and regulations.

## PAY ATTENTION TO EMPLOYEE GROWTH AND CREATE A SAFE AND HAPPY WORKPLACE (CONT'D)

### Protecting employees’ democratic rights and interests

The Bank attaches great importance to employees’ feedback and listens to the voices of its employees. The Bank has established a labor union in accordance with the laws and regulations of the PRC, which represents the interests of its employees. The bank provides a channel for employees to communicate with each other through the labor union, and works closely with the management of the Bank on labor-related matters.

During the Reporting Period, the Bank fully implemented major decisions with respect of the Bank’s reform and development, operation and management, as well as remuneration and labor protection and other matters considered at the employee representative meeting. In 2024, the Bank considered and approved 10 proposals such as the 2023 Annual Operational Work Report (《2023年度經營工作報告》), which promoted harmonious labor relations, protected employees’ democratic rights and interests and opened up the “last mile” channel for employees’ services featuring. Trade union organizations at various levels interacted online and offline to carry out a series of democratic participation via employee bulletin boards, WeChat public platform, online voting mini programs and among others to effectively implement various matters of democratic management, participation and supervision.

## GIVING BACK SINCERELY TO THE COMMUNITY AND BUILDING BRIDGES BETWEEN ALL SECTORS OF THE COMMUNITY

The Bank actively gives back to the community with cares and persists in promoting the construction of Bank’s public welfare platform through targeted financial supports, rural revitalization, community public welfare and activities. The Bank also joins hands with stakeholders to build a bridge for better community relations.

### Consolidating achievements of targeted financial supports

During the Reporting Period, the Bank actively intensified targeted financial supports and carried out targeted financial assistance to ease the hardship of the people in difficulties. During the Reporting Period, the Bank invested a total of RMB**217,200** in various types of financial assistance funds for helping employees in difficulty, poor villages and nursing homes.

During the Reporting Period, the Bank continuously improved the security system, such as easing the hardship of the people in difficulties, purchased hospitalization and medical care insurance for mutual assistance for all employees of the Bank, for which, the Bank distributed the relief funds totaling RMB37,200 and helped 13 employees in total, greatly alleviating the economic burden of the employees in difficulty.

The Bank actively engaged in the helping work, and has completed the annual work of helping poor villages and nursing homes in line with the needs of the people being helped. During the Reporting Period, the Bank allocated funds to help a village for infrastructure renovation and to improve the living conditions of poor households; to help a nursing home, funds were used to purchase winter clothes and pay heating costs for the elderly in the nursing home.

## GIVING BACK SINCERELY TO THE COMMUNITY AND BUILDING BRIDGES BETWEEN ALL SECTORS OF THE COMMUNITY (CONT'D)

### Carrying out social welfare activities

During the Reporting Period, the Bank well organized a number of community activities, adhering to the “customer-centric” e-service philosophy, returning to the community with love and refining the Bank’s brand image.

#### Weifang Branch conducted the exchange of obsolete batteries for purified water

In 2024, Weifang Branch under our Bank advocated green life, practiced social responsibility and allowed the environmental protection concept to reach people’s minds, and carried out the public welfare activities theming at “Recycling used batteries, shouldering the responsibility for the earth, and building a green home together as one”. During the activity, the Bank explained the hazards of random disposal of wasted batteries to customers who came to dispose of their batteries. Meanwhile, the Bank distributed pamphlets to disseminate the importance of waste sorting and recycling, to encourage and advocate residents to save energy and reduce emissions, thus enabling the concepts of “green, low-carbon and environment-friendly” being deeply rooted in the people’s minds.

#### Jinan Changqing Sub-branch organized a “wormwood sending” activity to care for you

Changqing Sub-branch under our Bank organized the “wormwood sending” activity at the Dragon Boat Festival to promote the Chinese traditional festival culture and to establish a close relationship with customers. Leveraging a well-organized fun activities to expand the scope and depth of publicity, the Bank fulfilled its social responsibility and conveys care and love with practical actions.

#### Jining Jiaxiang Sub-branch conducted “Paying respect to labor, feeling for workers” East Warmth Sending Activity

Jiaxiang Sub-branch in Jining under our Bank sent Spring Festival benefits such as spring scrolls, rice, noodles and oil to a number of sanitation workers, couriers and other outdoor workers to pass on the love and care in the city. “To be caring, to be passionate about public welfare, and to carry forward the spirit of volunteer service” has always been an integral part of the corporate culture of Jiaxiang Sub-branch. All the members of the sub-branch took the initiative to serve as volunteers and actively participate in the activities, thus making positive contributions to the regional public welfare cause.



## GIVING BACK SINCERELY TO THE COMMUNITY AND BUILDING BRIDGES BETWEEN ALL SECTORS OF THE COMMUNITY (CONT'D)

### Returning value to the wide spectrum of the customer base

During the Reporting Period, the Bank proactively pooled various resources to enhance customer stickiness, which we have organized multiple activities for our customers.

#### Linyi Sub-branch drew closer the female customer base by carrying out activity for exchanges

On the occasion of Women’s Day, Linyi Sub-branch under our Bank invited customers to attend series of lectures at which provided customers with professional investment analysis, guidance as well as wealth management. Linyi Sub-branch also invited brand partner to give lectures on beauty and skincare knowledge, which has drew customers closer by conveying the blessings of such holiday..

#### Yanzhou Sub-branch in Jining conducted activity for exchanges featuring the theme of “Reciprocal Learning through Site Tour with Finance Empowerment”

Yanzhou Sub-branch under our Bank invited local renowned female entrepreneurs for a tour, exchange and successful experience sharing, and conducted “brainstorm” centering on industrial upgrading, technological innovation, business sentiment and other aspects by visiting benchmark enterprises coupled with seminars and view exchanges, through which, the attendees were given access to in-depth discussion and mutual learning while promoting our Bank’s financial products and presenting a sound brand image.



An illustration depicting corporate governance. A man in a blue suit sits on a high blue pedestal, pointing towards the right. A woman in a white blouse and brown skirt stands to the left, gesturing towards the pedestal. A man in a white shirt and blue pants stands to the right, steering a large brown ship's wheel. The background features a large white circle containing text, stylized clouds, and abstract shapes. The overall color palette is dominated by blues, purples, and browns.

## SOLIDIFYING EFFICIENT GOVERNANCE WITH PARTY BUILDING LEADING SOUND COMPLIANCE

The Bank constantly adhered to the centralized leadership of CPC Central Committee in financial sector by continuously perfecting and optimizing cooperate governance structure with Shareholders' General Meeting, Board of Directors, Board of Supervisors and Senior Management at its core. Meanwhile, the Bank's new version of Articles of Association has been approved and taken effect, marking the continuous improvement in the Bank's governance level. In terms of risk management, the Bank placed high priority on addressing sustainable development risks by initially including ESG factors into the comprehensive risk management system. Regarding compliance operation, the Bank insisted on the guidance of the Party's building, and combating corruption and promoting integrity, thus to safeguard high quality development of the Company and improve sustainable development capability.

- Deepening Reforms to Improve Governance Efficacy
- Reinforcing the Foundation of the Governance Structure
- Corporate Governance Structure
- Comprehensive Risk Management System
- Promoting Prudent Operation of the Company
- Striving for Digital Transformation

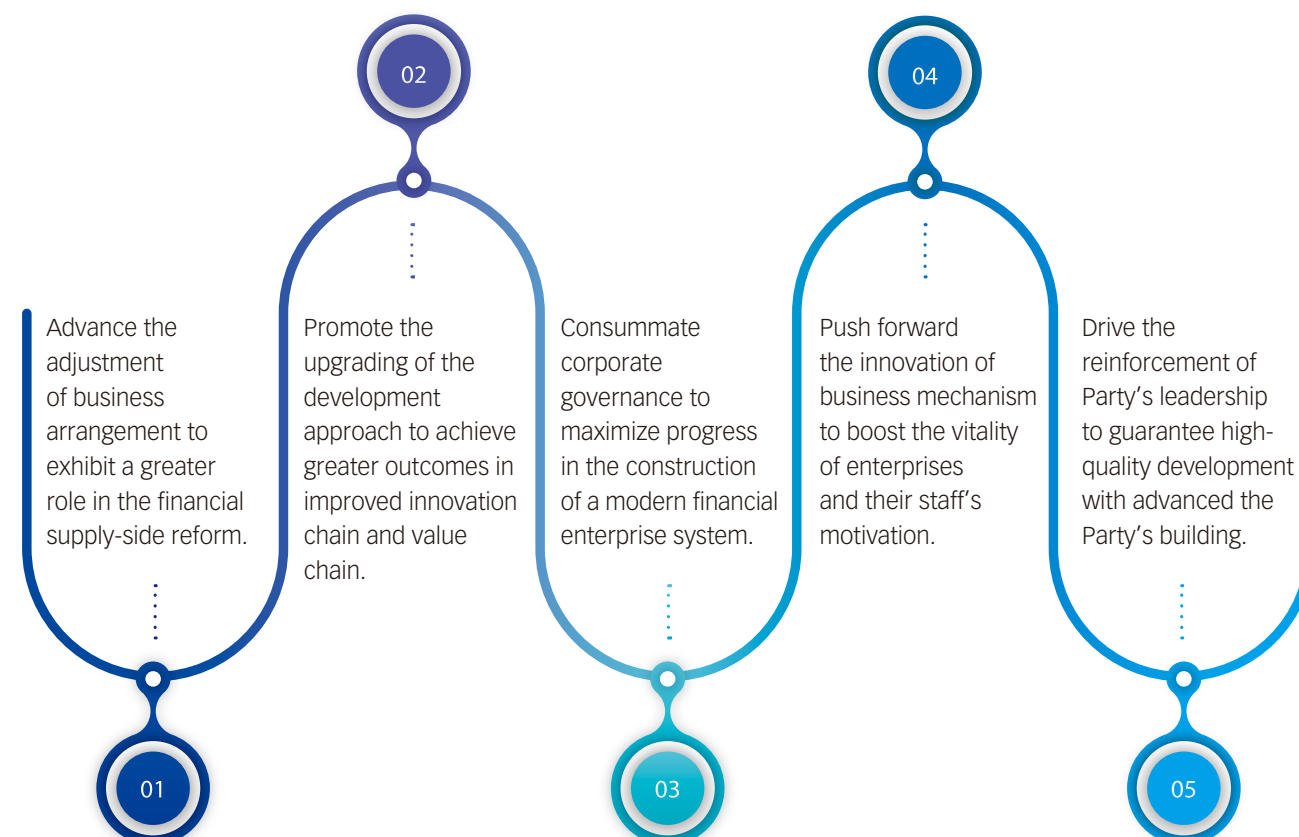
## DEEPENING REFORMS TO IMPROVE GOVERNANCE EFFICACY

In 2024, in order to comprehensively implement the decisions and arrangement from the Central Government, the Provincial Party Committee and Government in Shandong Province and the group company, solidify the results of the three-year action to deepen the reform of state-owned enterprises coupled with the realization of sustainable high-quality development, the Bank has printed the notice of **Work Plan on Reform and Improvement Action (2024-2025)** (《改革深化提升行動工作計劃(2024-2025年)》) (hereinafter as the “Work Plan”), so as to push forward with deeper reforms.

The Work Plan mainly involves the following five reform measures in total, including: to deepen the structural adjustment of business arrangement, to enhance the ability of self-reliant innovation in science and technology, to improve enterprise basic management, to consummate the ability of modern corporate governance, and to comprehensively reinforce the Party’s leadership and Party’s construction, comprising 16 specific measures.

The purpose of the Work Plan is to thoroughly implement the spirits of the 20th CPC National Congress, the Central Financial Work Conference and the Central Economic Work Conference, to help the group company hasten the realization of the goal of “Double-leading Enterprise (雙一流)”, and to contribute to the acceleration of the construction of a stronger financial country and the promotion of financial high-quality development.

Specific tasks include:



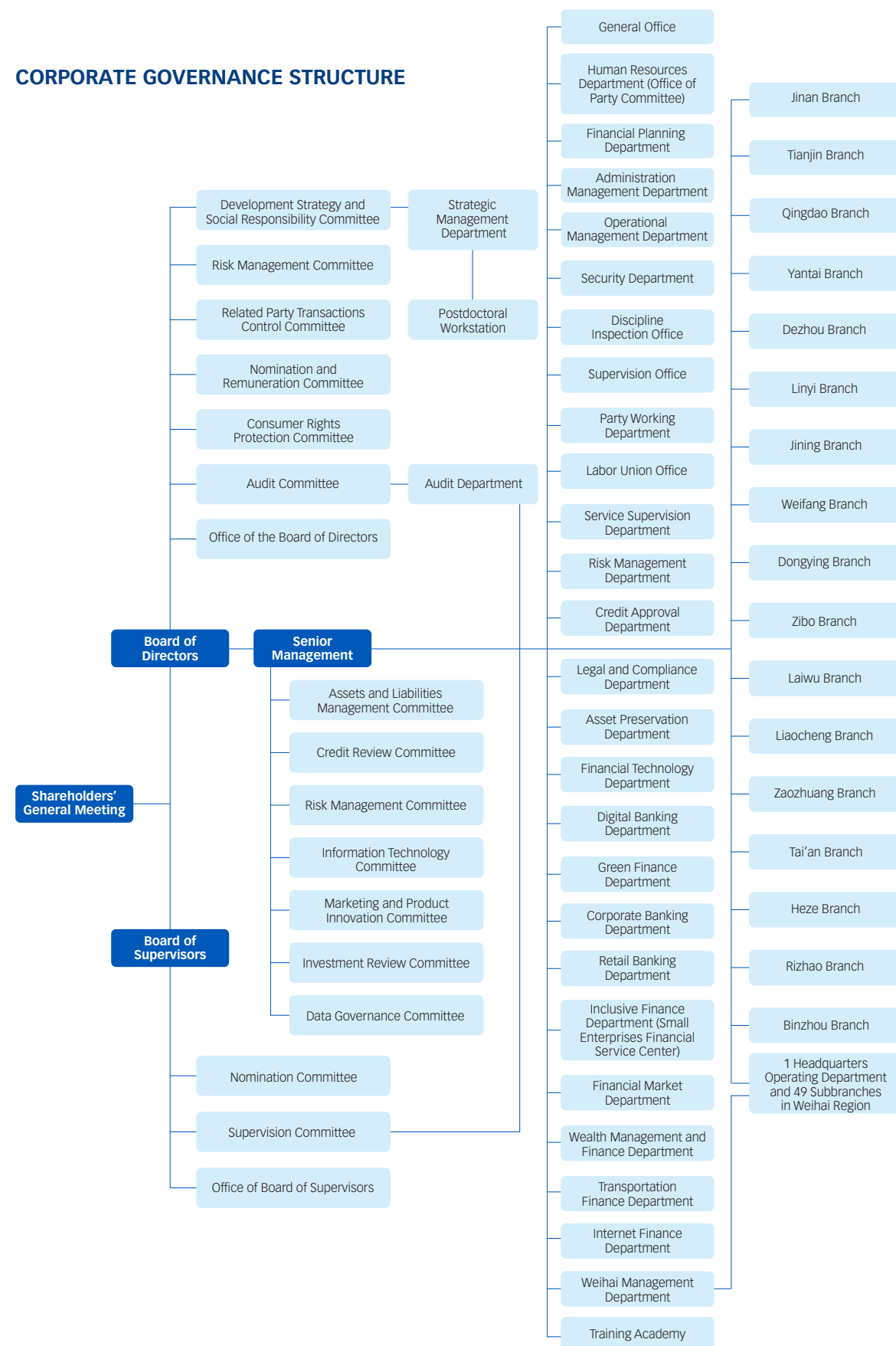
## REINFORCING THE FOUNDATION OF THE GOVERNANCE STRUCTURE

In terms of consummating corporate governance, the Bank implemented the principle of “Consistency in Two Areas (一以貫之)”, strived to enhance the governance efficacy, and made clearer the boundaries of the authority and accountability of each governance body, made more precise the “three checklists” of the Party organization, by which, the Bank continuously standardized the management of shareholders’ equity interests and strengthened the construction of the Board of Directors, with the supervisory function of the Board of Supervisors and the management capability of the Senior Management being further enhanced.

The Bank has strictly complied with the requirements of the Company Law of the People’s Republic of China (《中華人民共和國公司法》), the Commercial Bank Law of the People’s Republic of China (《中華人民共和國商業銀行法》), and the Code of Corporate Governance for Banks and Insurance Institutions (《銀行保險機構公司治理準則》), and continuously consummated the corporate governance structure system consisting of Shareholders’ General Meeting, Board of Directors, Board of Supervisors and Senior Management, with “each performing their respective duties, taking their respective responsibilities, operating as coordinated and realizing effective checks and balances”. The Bank resolutely safeguarded the interests of shareholders as well as the legitimate rights and interests of stakeholders, including depositors, and guaranteed the sustainable and sound development of all businesses. Also, it has organically combined the Party’s leadership with the consummation of corporate governance, given full play to the central role of the Party organization, resulting in a modern commercial bank corporate governance system with Chinese characteristics.



## CORPORATE GOVERNANCE STRUCTURE



## CORPORATE GOVERNANCE STRUCTURE (CONT'D)

### Upgrading corporate governance level

In 2024, in accordance with the newly revised Company Law, the Listing Rules of the Hong Kong Stock Exchange and other latest laws, regulations and regulatory requirements, the Bank refined its corporate governance and further amended its Articles of Association, in combination with the actual situation of the Bank, laying a solid foundation for standardizing and enhancing the governance level of our Bank.

### Protecting the effectiveness of the Board of Directors

#### Shareholders' General Meeting

The Shareholders' General Meeting is the highest authority of the Bank. During the Reporting Period, the Bank held 1 annual general meeting and 2 extraordinary general meetings, at which 19 motions were considered in total.

#### Board of Directors

The Board of Directors is the decision-making body of the Bank and accountable to the Shareholders' General Meeting and ultimately responsible for the operation and management of the Bank. During the Reporting Period, the Board of Directors held **6** meetings, at which **82** resolutions were considered.

The Board of Directors consists of **development strategy and social responsibility committee**, nomination and remuneration committee, risk management committee, related party transactions control committee, audit committee and consumer rights protection committee.

#### Board of Supervisors

The Board of Supervisors is the internal supervisory body of the Bank and accountable to the Shareholders' General Meeting. During the Reporting Period, the Board of Supervisors held **5** meetings, at which **72** motions were heard and considered.

For details of the convening of the meetings of the Shareholders' general meeting, the Board of Directors and its special committees, the Board of Supervisors during the Reporting Period, please refer to the Annual Report of the Bank.

## COMPREHENSIVE RISK MANAGEMENT SYSTEM

The Bank has formulated the Comprehensive Risk Management Outline, the Risk Management Outline, the Risk Appetite Strategy and other documents to ensure the effective promotion of various risk management efforts.

### Strengthening comprehensive risk management

#### Risk management structure

The Bank has established a sound risk management organizational structure comprising the Board of Directors, the Board of Supervisors, senior management and various risk management committees and departments to ensure the effective operation with a strong check-and-balance.

The risk management committee, the related party transactions control committee and the audit committee under the Board of Directors have established communication mechanisms to ensure that information is fully shared and can support risk management related decisions.



## COMPREHENSIVE RISK MANAGEMENT SYSTEM (CONT'D)

### Strengthening comprehensive risk management (cont'd)

#### *Comprehensive risk management system*

The Bank continued to promote the construction of a comprehensive risk management system and upgrade risk management level. We have established sound risk management policies covering credit risk, market risk, operational risk, liquidity risk, strategic risk, information technology risk and reputational risk. A combination of qualitative and quantitative methods to identify, measure, assess, monitor, report, control or mitigate various risks assumed.

All levels of institutions, business departments, risk management departments and audit departments of the Bank are major components of the comprehensive risk management system, and jointly build the “three lines of defense” for risk management.

The Bank integrates comprehensive risk management into the scope of internal audit, regularly reviewing and evaluating the adequacy and effectiveness of comprehensive risk management. The Bank’s internal audit activities are independent of business operations, risk management and compliance management, following the principles of independence and objectivity, and constantly improving the professional competence and ethics of internal auditors.

#### *Building risk management capability*

During the Reporting Period, the Bank conducted training courses on ESG risk assessment and management, comprehensively introduced the specific policies and latest evaluation requirements from the People’s Bank of China and the Administration of Financial Regulation regarding the integration of dynamic ESG risk management into the entire credit business process, and thoroughly studied practical implementations by domestic and international banking institutions in areas such as ESG compliance review, ESG risk management, and the incorporation of ESG factors into credit ratings. Through this training initiative, the Bank has further strengthened the awareness and capabilities in ESG risk management of its employees, ensuring that environmental, social, and governance factors are fully considered in credit decision-making to mitigate potential risks and enhance sustainable development capacities. In the future, the Bank will continue to strengthen ESG-related training and practical applications, driving deeper integration of ESG principles across business operations to contribute to the sustainable development goals.

## COMPREHENSIVE RISK MANAGEMENT SYSTEM (CONT'D)

### Incorporating ESG elements into comprehensive risk management system

In order to implement regulatory requirements and comply with the trend of the times that the concept of sustainable development is deeply rooted in people’s minds, the Bank actively promoted the inclusion of environmental, social and governance risk factors into the assessment of credit risk, information technology risk, compliance risk and other risks, carried out the identification and assessment of customers’ ESG-related risks and climate risk stress testing and other works, identified and assessed ESG risks that have a material impact on the Bank’s operations, and prospectively evaluated the Bank’s profitability, capital level and liquidity under stress scenarios, and assisted in formulating improvement measures to ensure that all types of risks are controllable.

## PROMOTING PRUDENT OPERATION OF THE COMPANY

The Bank adhered to party building to guide the overall situation, strengthened our risk and compliance defenses, eliminated corruption incidents, and led high-quality development with high-quality party building. Meanwhile, it strengthened relevant management training, laid a solid foundation for sound governance, and thickly planted the central deployment and regulatory requirements in the construction of corporate governance system.

### Leading development with party building

In 2024, the Bank fully implemented the general requirements for party building in the new era, gave full play to the leading role of party building, and deeply integrated party building with corporate culture. The Bank vigorously cultivates and promotes the distinctive financial culture of China, advocates the values of “altruism, integrity, agility, and openness (利他、誠信、敏捷、開放)”, adheres to the philosophy of “rooted in Shandong, dedicated service (扎根山東、精誠服務)” and the transformation direction of “marketization, specialization, refinement, and digitization”. We continuously enhance the Party-building brand of “Smooth Access under Heart towards the Party (心向黨 路通達)”, gathering red momentum through the brand and uniting development forces through culture. We successfully carried out a series of activities to celebrate the “July 1” anniversary under the theme of “Firmly follow the Party with confidence, Uniting and Striving to Create the Future (堅定信心跟黨走·團結奮鬥創未來)”, including “Voices of Oaths Recalling Initial Aspirations (聲聲誓言憶初心)”, “Red Hearts Dedicated to the Party (顆顆紅心獻給黨)”, and “Lanterns Celebrating the Party’s Birthday (盞盞華燈慶黨生)”, creating a strong atmosphere at both the head office and branches to honor the Party’s birthday. We also successfully held a calligraphy, painting, and photography exhibition to celebrate the 75th anniversary of the founding of the People’s Republic of China, further fostering a cohesive atmosphere, building consensus, and driving development.

Our Bank continuously improves the construction of cultural carriers, striving to build a leading Shandong and nationally first-class multifunctional, intelligent, integrated, and distinctive exhibition hall combining “Party-building, bank history, and corporate culture”. In May 2024, our corporate culture exhibition hall was officially launched and was honored with the title of “National Corporate Culture Innovation Practice Teaching Station (全國企業文化創新實踐教學站)” by the China Culture Administration Association in June. Meanwhile, our Bank was awarded the honorary title of “2024 Advanced Unit for Corporate Culture Construction in Shandong Province (2024年度山東省企業文化建設先進單位)” by Shandong Enterprise Culture Society (山東企業文化學會), and received two honors, i.e. the “2024 Excellent Case Achievement of Strengthening Enterprise with Culture (2024年度文化強企優秀案例成果)” and the “Party Building + Corporate Culture Demonstration Unit in the New Era (新時代黨建+企業文化示範單位)” from China Culture Administration Association.

## PROMOTING PRUDENT OPERATION OF THE COMPANY (CONT'D)

### Leading development with party building (cont'd)

#### Party building and co-construction activities conducted by Zibo Branch

In order to promote in-depth and practical party discipline learning and education, give full play to the role of the bridge and link of party building and co-construction, party building and co-construction activities were organized by Party Committee of Zibo Branch jointly with the Zibo Branch of the People's Bank of China and Zibo Branch jointly with Zibo Branch of PICC Property and Casualty Company Limited, Zibo Branch of Dongying Bank, Shandong Guiyuan New Material Technology Co., Ltd. (山东矽苑新材料科技股份有限公司) and other institutions.

#### Tai'an branch: actively carrying out party building learning activities

The Party Committee of Tai'an Branch of the Bank earnestly implemented the work deployment of the Group and the Party Committee of the Head Office and promoted the implementation of key tasks. It carefully formulated and implemented various working meeting systems, strictly adhered to the "Three Meetings and One Class" system, and ensured the daily learning of the branch's party branches. It insisted on regular public disclosure of party affairs and strengthened mutual supervision; conducted duty reporting of party branch's secretaries in accordance with the requirements, and consciously accepted comments from higher-level party organizations as well as party members and the public.

## PROMOTING PRUDENT OPERATION OF THE COMPANY (CONT'D)

### Strengthening internal control compliance

The Bank strictly complies with national laws and regulations and the compliance requirements of the regulatory authorities, establishes and improves the long-term mechanism for compliance and internal control management, and continuously deepens the concept of compliance management.

#### Construction of compliance system and culture



#### Construction of the internal control governance system

2024 marks the "Year of Resolute Struggle for Compliance" established by the Bank's Compliance Management Committee, in which the Bank was determined to fight against non-compliance and continued to deepen the control system of "three zeros and one enhancement".

The Bank has established an internal control organizational structure comprising the Board of Directors, the Board of Supervisors, senior management, the Legal and Compliance Department, the Audit Department, business departments and branches with rational division of functions, clearly defined responsibilities and clear reporting relationships.

For Board of Directors, the Connected Transactions Control Committee is mainly responsible for the proper implementation of policies and regulations related to connected transactions and relevant reviews; the Audit Committee is mainly responsible for the internal audit system and related work plans, as well as the review and supervision of external auditors.



#### Construction of internal control system

For construction of the compliance system, the Bank improved the dynamic adjustment mechanism for the establishment, modification and abolition of systems, optimized the "three zeros and one enhancement" control system in a timely manner, strengthened the inspection and supervision mechanism for correcting non-compliance, and constructed a three-in-one and large supervisory system of compliance, auditing and disciplinary inspection.



#### Construction of compliance management culture

For construction of compliance management culture, the Bank has launched the three types of lecture on compliance to raise the awareness of compliance among all employees through the compliance lectures given by the chief person, the compliance lectures given by the person in charge and the compliance lectures given by the typical bank of compliance.

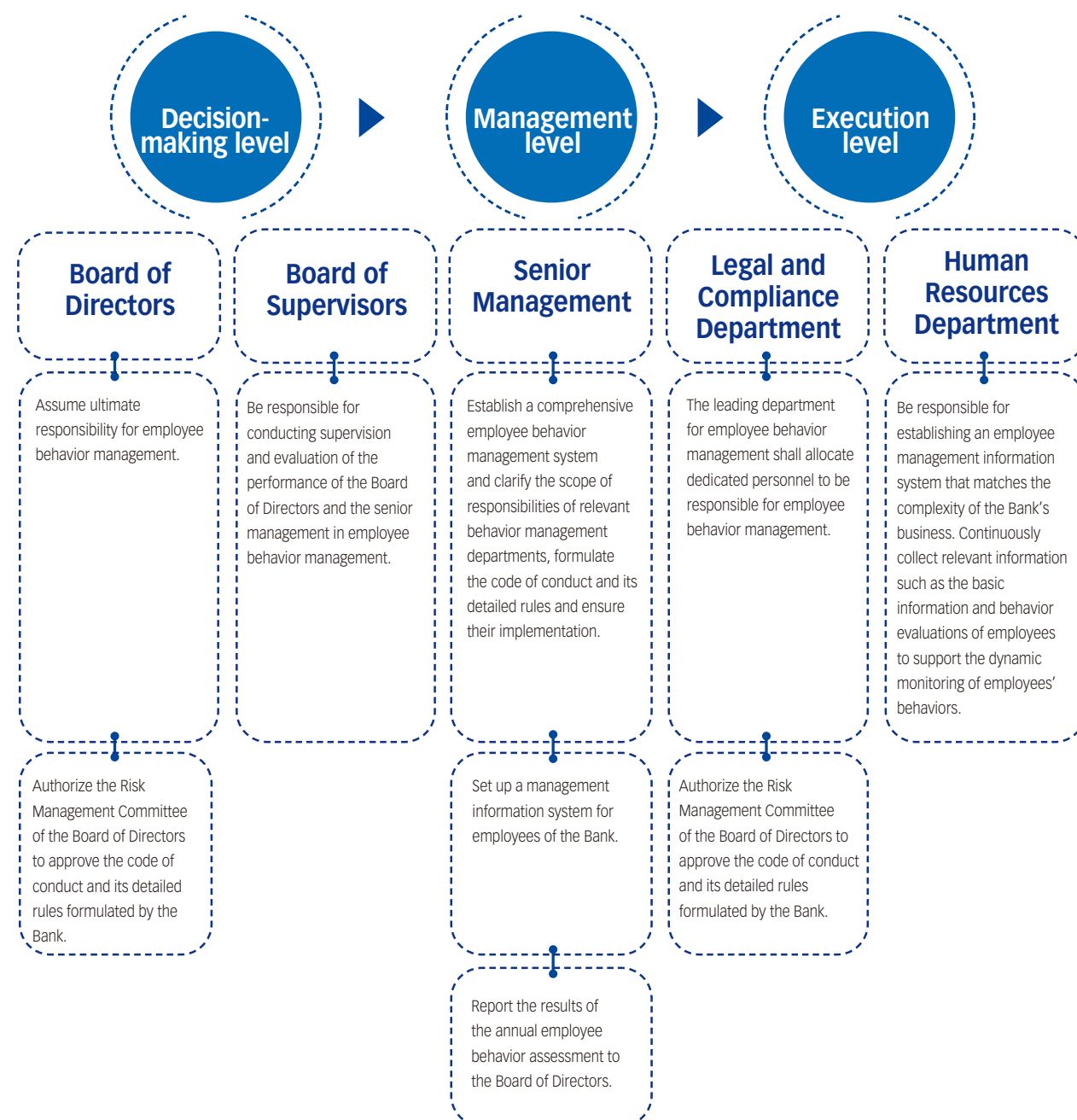
## PROMOTING PRUDENT OPERATION OF THE COMPANY (CONT'D)

### Strengthening internal control compliance (cont'd)

#### Employee behavior management

Employee behavior management is an important part of compliance management. It is also the foundation for continuously expanding a high-quality and high-level talent pool and strengthening the construction of a compliance culture.

The Bank starts with the governance system and regulations. It has formulated the Measures for Employee Behavior Management (《從業人員行為管理辦法》) to strengthen employee behavior management and promote the safe and stable operation of the Bank. It strictly implements such management at the decision-making, management, and execution levels respectively.



## PROMOTING PRUDENT OPERATION OF THE COMPANY (CONT'D)

### Strengthening internal control compliance (cont'd)

#### Anti-corruption and anti-graft

In 2024, the Bank intensified the development of a culture of integrity and explored the establishment of a "Three Nos" cultural system, ensuring an environment of probity and righteousness to underpin the bank's high-quality development. By integrating the "Three Nos" approach, the Bank advanced the in-depth and practical implementation of a clean and honest financial culture. This initiative served as a fundamental project to promote the integrated realization of employees being "unwilling, unable, and afraid to engage in corruption", and also acted as a crucial support for the in-depth development of full and strict governance of the Party.

In 2024, the Bank adhered to the combination of institutional constraints and supervision management, emphasized the coordinated efforts of exemplary leadership and warning deterrence, comprehensively promoted the construction of a clean and honest financial culture, unswervingly rectified work styles and enforced discipline, and propelled the full and strict governance of the Party, the improvement of the Party conduct and a clean government, and the anti-corruption work to a new level.





## PROMOTING PRUDENT OPERATION OF THE COMPANY (CONT'D)

### Strengthening internal control compliance (cont'd)

#### Anti-money laundering

The Bank complies with the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》). It has established an anti-money laundering management framework that is well-organized, structurally complete, and responsibly defined. Moreover, it has incorporated money-laundering risks into the comprehensive risk management system.

The Bank has established an anti-money laundering working leading group at the head-office level. As the leading and management body for the bank's anti-money laundering work, it is responsible for organizing, leading, and coordinating the Bank's anti-money laundering efforts and making decisions on important anti-money laundering matters throughout the Bank. The head of the leading group is the president of the Bank, and the deputy heads are the bank leaders in charge of relevant areas. The Legal and Compliance Department serves as the administrative body of the leading group and the leading management department for anti-money laundering work. It is staffed with dedicated anti-money laundering personnel. The Legal and Compliance Department is responsible for the daily work of the Anti-Money Laundering Working Leading Group at the head office, formulating and drafting money-laundering risks management policies and procedures, and implementing laws, regulations, and regulatory requirements.

The Bank has established the Anti-Money Laundering Work Assessment and Management Procedures (《反洗錢工作考核管理程序》) to standardize the application of assessment results. This initiative aims to further strengthen anti-money laundering awareness, ensuring the implementation of anti-money laundering laws, regulations, and internal control systems, and improving and streamlining supervision and management mechanisms. During the Reporting Period, the Bank has deeply cultivated the concept of anti-money laundering for all staff and continuously improved their awareness and level of duty performance. During the Reporting Period, **111** anti-money laundering trainings were organized, covering **1,100 person-times**.

In 2024, to thoroughly implement the People's Bank of China's overall plan for anti-money laundering promotional activities and effectively carry out anti-money laundering promotional activities in 2024, and continuously improve the standardization and effectiveness of anti-money laundering promotion, our Bank launched the "early spring trip" of anti-money laundering promotional activities.

#### Intellectual property protection

The Bank has formulated its Intellectual Property Management Measures pursuant to relevant laws and regulations such as the Patent Law of the People's Republic of China and the Trademark Law of the People's Republic of China, so that intellectual property rights are regulated according to rules and regulations.

The Legal and Compliance Department is the comprehensive management department for managing the Bank's intellectual property rights, and is responsible for taking the lead in the application and maintenance of intellectual property rights of the Head Office and in handling intellectual property related disputes, lawsuits and other related matters of the Bank.

In 2024, the Bank actively carried out promotional activities on intellectual property rights protection and effectively carried out intellectual property rights protection, promotion and education. No major intellectual property rights violations occurred during the Reporting Period.

## STRIVING FOR DIGITAL TRANSFORMATION

The Bank actively adapted to the development trend of digital technology, continuously increased investment in science and technology, enhanced the construction of scientific and technological personnel, improved the capacity of data and technological innovation and application, and wrote an excellent article on "digital finance". In 2024, several of the Bank's digital transformation projects were awarded the excellent case selection.

- ✧ New Town Data Center Project was awarded the "2023 Data Center Implementation Benchmark" ("2023年度數據中心實施樣板項目") Award
- ✧ Next-Generation Credit Middle Office System was awarded the "Best Innovative Application Project in Digital Transformation (Financial Industry) in 2023-2024" ("2023-2024年度金融行業數字化轉型最佳創新應用項目")
- ✧ IT Service Management Platform was awarded the "Fifth Financial Institutions Digital-Intelligent Transformation Excellent Case Selection: Technology Management Excellent Case Award" ("第五屆金融機構數智化轉型優秀案例評選：科技管理優秀案例獎")
- ✧ Smart Financial Eco-Hub-Integrating Intermediary Business and Third-Party External Connectivity Platforms was awarded the "Fifth Financial Institutions Digital-Intelligent Transformation Excellent Case Selection: Digital Operation Case Award" ("第五屆金融機構數智化轉型優秀案例評選：數字運營案例獎")



## STRIVING FOR DIGITAL TRANSFORMATION (CONT'D)

### Digital infrastructure development

During the Reporting Period, the Bank continued to strengthen digital empowerment and build a technological future. The Bank formulated the **Work Plan on Reform and Improvement Action (2024-2025)** (《改革深化提升行动工作计划(2024-2025年)》), with technology R&D investment reaching 1.88% of the all Bank's total operating revenue in 2024, representing an increase of 10% compared with the previous year.

- Digital operations**  
The Bank has established a digital operation platform, through which it carries out internal management and external business development, enhances intelligent support for business personnel, and establishes a digital operation model.
- Digital management**  
The Bank closely focuses on the 14th Five-Year Plan and its strategic planning goals, striving to build a digitalized, high-efficiency management support platform for headquarters and branches, while continuously enhancing level of digitized operations. By establishing a digital management platform, not only can we significantly improve our daily work efficiency, but we can also reduce the amount of paper consumed in our daily office, and reduce the level of carbon emissions and energy consumption.
- Digital risk control**  
To fulfill the requirements of comprehensive risk management, the Bank proactively leverages digital tools such as big data, intelligent algorithms, artificial intelligence, and foundation models, along with cutting-edge industry technologies to build a "digital risk defense system."
- Digital talent cultivation**  
The Bank places high priority on cultivating digital talent. As of the end of the Reporting Period, there were **118** research and development personnel in the Financial Technology Department, Digital Banking Department, Internet Finance Department and other digital finance-related departments, accounting for **3.56%** of the total workforce.

To effectively enhance digital technical expertise and strengthen digital application capabilities among IT professional staff, the Bank conducted **18** IT-related training sessions during the Reporting Period, reaching **324** persons.

## STRIVING FOR DIGITAL TRANSFORMATION (CONT'D)

### Digitalization empowers financial services

In 2024, the Bank adhered to reform and innovation, steadily advancing digital transformation, deepening the digital application, and accelerating innovation in digital products and services. During the Reporting Period, the Bank thoroughly explored big data-driven digital financial scenarios, precisely analyzed customer profiles, and delivered comprehensive online financial service solutions to meet customers' multi-scenario financial needs.

#### Building the "Quick e-Loan" intelligent credit brand

The "Quick e-Loan" intelligent credit brand serves customer groups across all consumption and business scenarios, including civil servants, employees in high-quality industries such as enterprises and public institutions, finance and utilities, large core enterprises in industrial clusters, industrial supply chains, professional markets, and inclusive finance scenarios (e.g., agriculture, rural areas, and farmers), as well as small and medium-sized enterprises, owners of small and micro enterprises, individual industrial and commercial households. Leveraging financial technologies such as artificial intelligence and big data, the brand has developed an intelligent risk control model to streamline documentation and standardize business processes, which enables customers to access comprehensive financial services with "1-second QR code scanning, 1-minute application submission, and 1-minute approval", delivering a truly simple and efficient digital financial experience. As of the end of the Reporting Period, the "Quick e-Loan" intelligent credit brand has achieved cumulative loan placement of RMB37.402 billion and an outstanding loan balance of RMB13.347 billion, leading comparable credit brands in the province, and steadily enhanced the Bank's competitiveness and influence in the digital economy and earned the "HaoPin Finance" award for digital financial brands.

ESG PERFORMANCE TABLE

ENVIRONMENTAL DIMENSION

Environment	Unit	2024	2023	2022
Air Emissions				
Nitrogen oxides (NO <sub>x</sub> )	kg	71.25	84.2	73.65
Sulphur oxides (SO <sub>x</sub> )	kg	0.21	0.25	0.18
Particulate matter (PM)	kg	6.87	8.07	7.06
Greenhouse Gas Emissions				
Direct greenhouse gas emissions (Scope 1)	tonne of CO <sub>2</sub> e	25.97	36.91	34.34
Indirect greenhouse gas emissions (Scope 2) <sup>1</sup>	tonne of CO <sub>2</sub> e	2,715.94	184.82	148.23
Scope 3 carbon emissions	tonne of CO <sub>2</sub> e	75,416.13	/	/
Greenhouse Gas Emissions Intensity				
Greenhouse gas emissions intensity (area)	tonne of CO <sub>2</sub> e/m <sup>2</sup>	0.047	0.040	0.034
Energy Consumption <sup>1</sup>				
Total electricity consumption	MWh	4,377.02	323.30	255.13
Total electricity consumption intensity (area)	MWh/m <sup>2</sup>	0.07496	0.05854	0.04783
Gasoline consumption by vehicles	liter	14,277	16,858	12,158
Water Consumption <sup>1</sup>				
Total water consumption	m <sup>3</sup>	12,158	3,520	2,304
Total water consumption intensity (area)	m <sup>3</sup> /m <sup>2</sup>	0.21	0.64	0.43

1: In order to enhance digital financial capabilities and brand image, in 2024, the Bank constructed and put into operation the Digital Financial Center. The office area of our head office was also relocated to this center, resulting in a corresponding decrease in lease and property service fees and a corresponding increase in utility expenses such as water and electricity.

ESG PERFORMANCE TABLE

ENVIRONMENTAL DIMENSION (CONT'D)

Environment	Unit	2024	2023	2022
Hazardous Waste				
Generation of used computers	unit	160	232	50
Recycling of used computers	unit	160	232	50
Generation of used toner cartridges/ink boxes	unit	568	652	602
Recycling of used toner cartridges/ink boxes	unit	568	652	602
Generation of used batteries	unit	64	64	128
Recycling of used batteries	unit	64	64	128
Non-hazardous Waste <sup>1</sup>				
Generation of non-hazardous waste	tonne	6.36	0.38	0.34
Non-hazardous waste intensity (person)	tonne/person	0.0092	0.0006	0.0005
Paper Consumption				
Total paper consumption	tonne	12.38	11.98	10.51
Paper consumption intensity (person)	tonne/person	0.018	0.018	0.017
Green Office				
Electronic bill paper saving	tonne	1.79	1.63	1.52
Comprehensive signing rate of electronic reconciliation	%	98.4	98.73	98.46
WeChat banking customers	ten thousand customers	35.01	28.98	22.94
Personal mobile banking customers	ten thousand customers	380.78	319.4	253.31
Total number of meetings	times	14,000	13,900	10,200
Number of video conferences held	times	6,600	6,200	6,100

1: The Bank’s non-hazardous waste is mainly kitchen waste. In 2024, the Bank’s canteen operation mode was changed from outsourcing to self-operated, which result in an increase in the kitchen waste generated.



ESG PERFORMANCE TABLE

SOCIAL DIMENSION

Social	Unit	2024	2023	2022
Total Number of Staff (by Gender)				
Female staff	person	1,936	1,872	1,836
Male staff	person	1,523	1,447	1,423
Total Number of Staff (by Age Group)				
Aged below 30	person	805	662	655
Aged 30-50	person	2,464	2,479	2,453
Aged over 50	person	190	178	151
Total Number of Staff (by Staff Category)				
Grassroots staff	person	2,485	2,410	2,363
Middle management	person	963	899	886
Senior management	person	11	10	10
Total Number of Staff (by Geographical Region)				
Staff from Shandong Province	person	3,215	3,069	3,006
Staff outside Shandong Province	person	244	250	253
Staff Turnover Rate (by Gender)				
Female staff	%	3.5	5.1	5.7
Male staff	%	4.7	8.9	7.1

ESG PERFORMANCE TABLE

SOCIAL DIMENSION (CONT'D)

Social	Unit	2024	2023	2022
Staff Turnover Rate (by Age Group)				
Aged below 30	%	8.9	11	10
Aged 30-50	%	2.6	6	5.7
Aged over 50	%	1.1	1.1	0
Staff Turnover Rate (by Geographical Region)				
Staff from Shandong Province	%	4.2	6.8	6.2
Staff outside Shandong Province	%	2	6.8	7.9
Percentage of Staff Trained (by Gender)				
Female staff	%	100	100	100
Male staff	%	100	100	100
Percentage of Staff Trained (by Staff Category)				
Grassroots staff	%	100	100	100
Middle management	%	100	100	100
Senior management	%	100	100	100
Average Number of Training Hours Per Staff (by Gender)				
Female staff	hour	43	42	40
Male staff	hour	43	42	40

ESG PERFORMANCE TABLE

SOCIAL DIMENSION (CONT'D)

Social	Unit	2024	2023	2022
Average Number of Training Hours Per Staff (by Staff Category)				
Grassroots staff	hour	43	42	40
Middle management	hour	43	42	40
Senior management	hour	43	42	40
Occupational Health and Safety				
Work-related fatalities in the past 3 years (including the current year)	person	0	0	0
Rate of work-related fatalities in the past 3 years (including the current year)	%	0	0	0
Lost days due to work-related injuries	day	228.5	264.5 <sup>1</sup>	0
Work-Life Balance				
Employee satisfaction	%	100	100	100
Number of trade union member representative meetings, number of full member meetings, and number of worker’s representative meetings	times	3	1	1
Amount of employee assistance	ten thousand yuan	3.72	5.9	5.56
Public Welfare and Charity				
Number of beneficiaries of public welfare and charity programs	person	327	349	337
Amount of public welfare and charity donations	ten thousand yuan	18	18	13
Anti-Corruption				
Number of concluded legal cases regarding corrupt practices brought against the Bank or staff	case	0	0	0

1: Lost days due to work-related injuries in 2023 has been changed from 32 days to 264.5 days due to the adjustment to the statistical standards.

ESG PERFORMANCE TABLE

SOCIAL DIMENSION (CONT'D)

Social	Unit	2024	2023	2022
Inclusive Finance				
Balance of loans to SMEs	hundred million yuan	1,267.22	1,186.06	949.32
Proportion of loans to SMEs	%	85.58	84.49	81.08
Balance of loans to MSEs	hundred million yuan	873.19	778.27	579.77
Proportion of loans to MSEs	%	58.97	55.44	49.52
Number of SME loan customers	customer	9,136	8,535	3,503
Number of MSE loan customers	customer	8,817	8,236	3,232
Number of MSE franchised institutions	unit	1	1	1
Support to Agriculture, Rural Areas And Farmers				
Balance of agriculture-related loans <sup>1</sup>	hundred million yuan	248.62	193.85	170.65
Farmer loans	hundred million yuan	40.55	33.4	38.08
Loans to rural enterprises and various organizations	hundred million yuan	145.16	115.09	107.28
Agriculture-related loans to urban enterprises and various organizations	hundred million yuan	62.16	44.8	25.03
Other agriculture-related loans	hundred million yuan	0.75	0.56	0.26
Proportion of agriculture-related loan balance to total loan balance	%	11.82	10.20	10.39
Services in People’s Livelihood				
Balance of inclusive assistance	hundred million yuan	317.71	296.87	239.62
Technology Finance				
Number of technology enterprises served	customer	1,406	863	629
Balance of loans to technology enterprises	hundred million yuan	101.14	50.95	28.81
Balance of loans to specialized focused and innovative SMEs	hundred million yuan	63.96	52.03	39.54

1: Due to the adjustments in agriculture-related system of the People’s Bank of China in 2024, the balance of agriculture-related loans for 2022, 2023 and 2024 is adjusted by the new caliber.

ESG PERFORMANCE TABLE

GOVERNANCE DIMENSION

Governance	Unit	2024	2023	2022
Corporate Governance				
Number of party members trained	person	1,051	1,049	1,041
Number of members in the Board of Directors	person	15	15	15
Number of male directors	person	12	12	12
Number of female directors	person	3	3	3
Number of executive directors	person	5	5	5
Number of non-executive directors	person	4	4	4
Employee directors	person	1	1	1
Number of independent directors	person	5	5	5
Number of supervisors in the Board of Supervisors	person	9	8	9
Number of shareholder supervisors	person	3	3	3
Number of external supervisors	person	3	2	3
Number of employee supervisors	person	3	3	3
Number of meetings of the Shareholders' General Meeting	times	3	1	1
Number of issues considered or heard by the Shareholders' General Meeting	no.	19	13	18
Number of meetings of the Board of Directors	times	6	4	5
Number of issues considered or heard by the Board of Directors	no.	82	60	72
Average attendance at meetings of the Board of Directors	%	98	98	100
Number of meetings of the Board of Supervisors	times	5	4	4
Number of issues considered or heard by the Board of Supervisors	no.	83	68	72
Average attendance at meetings of the Board of Supervisors	%	95	94	100
Periodic reports, interim announcements, corporate governance documents, etc. disclosed during the Reporting Period	no.	65	38	38

ESG PERFORMANCE TABLE

GOVERNANCE DIMENSION (CONT'D)

Governance	Unit	2024	2023	2022
Business Ethics and Anti-Corruption				
Number of graft – and corruption-triggered litigation cases	no.	0	0	0
Number of person-times covered by anti-graft and anti-corruption training	ten thousand person-times	1.34	1.24	0.96
Number of anti-money laundering trainings	times	123	23	21
Number of person-times covered by anti-money laundering training	person-time	5,204	5,475	2,775
Submission of block trade report	ten thousand copies	38	38	41
Submission of suspicious trade report	no.	1,327	1,935	2,328
Number of judged legal cases regarding corrupt practices brought against the Bank or staff	case	0	0	0
Total monetary losses from legal proceedings related to fraud, insider trading, antitrust violations, anti-competitive practices, market manipulation, misconduct, or other relevant financial industry laws and regulations	ten thousand yuan	0	0	0
Compliant Operation				
Number of compliance and warning education and training sessions	times	8	7	6
Hours of compliance and warning education and training	hour	35	30	25
Coverage rate of compliance and warning education and training	%	100	100	100
Number of participants in compliance and warning education exam	ten thousand person-times	2.64	2.54	2.47
Party Building Work				
Number of grassroots party committees under the party committee of the Head Office	no.	19	18	18
Number of general party branches	no.	3	3	3
Number of party branches	no.	75	73	72
Number of party members	person	1,051	1,049	1,041
Employment and Labor Standards				
Confirmed incidents of discrimination	case	0	0	0
Confirmed incidents of forced labor	case	0	0	0
Confirmed incidents of child labor	case	0	0	0



ESG PERFORMANCE TABLE

GOVERNANCE DIMENSION (CONT'D)

Governance	Unit	2024	2023	2022
Product and Service Improvement				
Online banking customers	ten thousand customers	69.77	65.31	59.79
Telephone banking customers	ten thousand customers	28.27	27.81	27.27
Personal mobile banking customers	ten thousand customers	380.78	319.40	253.31
WeChat banking customers	ten thousand customers	35.01	28.98	22.94
Self-service banking equipment	no.	130	129	126
Manual service volume of telephone banking	ten thousand person-times	18.10	14.15	12.69
Number of smart counters	unit	239	228	196
Outlets covered by smart counters	no.	117	117	104
Coverage of smart counters	%	92.86	93.6	84.55
Manual service volume of remote banking	ten thousand person-times	6.55	5.78	3.07
Substitution rate of electronic banking channel	%	86.18	86.68	85.36
Information System Security and Data Security				
Number of information security training sessions	times	224	11	13
Person-time of information security training	person-time	13,276	4,054	4,182
Major information security and customer privacy disclosure events	case	0	0	0
Percentage of major information security and customer privacy disclosure events involving personal identifiable information (PII)	%	0	0	0
Number of account holders affected by major information security and customer privacy disclosure events	case	0	0	0

ESG PERFORMANCE TABLE

GOVERNANCE DIMENSION (CONT'D)

Governance	Unit	2024	2023	2022
Intellectual Property Protection				
Number of intellectual property rights	case	6	6	6
Consumer Rights Protection				
Customer satisfaction	%	100	100	100
Customer complaint handling rate	%	100	100	100
Number of customer complaints	case	47	59	11
Complaint settlement rate	%	100	100	100
Number of training sessions on protecting customer rights and privacy	times	7	9	7
Coverage person-time of training sessions on protecting customer rights and privacy	person-time	562	557	526
Expenditure on consumer rights protection	ten thousand yuan	18	21	15
Accumulated number of activities to popularize financial knowledge	times	4	4	4
Number of audiences benefiting from financial knowledge popularization	ten thousand person-times	46	50	40
Supplier Management				
Supplier review coverage	%	100	100	100
Total number of suppliers	no.	118	197	184
Number of suppliers by region – Domestic	no.	118	197	184
Number of suppliers by region – Overseas	no.	0	0	0
Digital Talent Development				
Research and development personnels in digital finance-related departments	person	118	122	118
Information technology-related trainings	no.	18	17	20
Person-times covered by information technology – related training	person-time	996	910	1,023
Social Contribution				
Tax contribution	ten thousand yuan	171,354.87	157,474.89	150,684.74

CONTENT INDEX TO THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE OF THE HONG KONG STOCK EXCHANGE

Aspect	Mandatory Disclosure Indicator	Section
Governance Structure	A statement from the Board containing the following elements: (i) a disclosure of the Board’s oversight of environmental, social and governance issues; (ii) the Board’s environmental, social and governance management approach and strategy, including the process used to evaluate, prioritise and manage material environmental, social and governance-related issues (including risks to the issuer’s businesses); and (iii) how the Board reviews progress made against environmental, social and governance-related goals and targets with an explanation of how they relate to the issuer’s businesses.	Pages 2-3, 12-13, 126
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the environmental, social and governance report:  Materiality: The environmental, social and governance report should disclose: (i) the process to identify and the criteria for the selection of material environmental, social and governance factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer’s stakeholder engagement.  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.  Consistency: The issuer should disclose in the environmental, social and governance report any changes to the methods or KPIs used (where applicable), or any other relevant factors affecting a meaningful comparison.	Pages 2-3, 12-13, 126
Reporting Boundary	A narrative explaining the reporting boundaries of the environmental, social and governance report and describing the process used to identify which entities or operations are included in the environmental, social and governance report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Pages 2-3, 12-13, 126

CONTENT INDEX TO THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE OF THE HONG KONG STOCK EXCHANGE (CONT'D)

Subject Area, Level, General Disclosure and Key Performance Indicators			Section
A. Environmental			
Level A1: Emissions	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.  Note: Air emissions include NO <sub>x</sub> , SO <sub>x</sub> , and other pollutants regulated under national laws and regulations. Hazardous wastes are those defined by national regulations.		Pages 43-44
	A1.1	Types of emissions and respective emission data.	Pages 92-93
	A1.2	Total amount of hazardous waste generated (in tonnes) and (if applicable) density (if calculated per unit of production, per facility).	Page 93. Due to the nature of the commercial banking industry, using “tonne” as a statistical metric for hazardous waste generation is not suitable. However, we have reported the sources and quantities of hazardous waste generated by category.
	A1.3	Total amount of non-hazardous waste generated (in tonnes) and (if applicable) density (if calculated per unit of production, per facility).	Page 93
	A1.4	Description of the emissions target(s) set and the steps taken to achieve them.	Pages 43-44
	A1.5	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Pages 43-44

CONTENT INDEX TO THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE OF THE HONG KONG STOCK EXCHANGE (CONT'D)

Subject Area, Level, General Disclosure and Key Performance Indicators			Section
Level A2: Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, storage, transportation, buildings, electronic equipment, etc.		Pages 43-44
	A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (in thousands of kilowatt hours) and intensity (if calculated per unit of production, per facility).	Page 92
	A2.2	Water consumption in total and intensity (if calculated per unit of production, per facility).	Page 92
	A2.3	Description of the energy use efficiency target(s) set and steps taken to achieve them.	Pages 43-44
	A2.4	Description of whether there are any matters in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Pages 43-44
	A2.5	Total packaging material used for finished products (in tonnes) and (if applicable) proportion of per unit produced.	Due to the nature of the commercial banking industry, this indicator is not applicable.
Level A3: Environment and Natural Resources	General Disclosure: Policies on minimizing the issuer's significant impact on the environment and natural resources.		Pages 43-44
	A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them.	Pages 43-44

CONTENT INDEX TO THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE OF THE HONG KONG STOCK EXCHANGE (CONT'D)

Subject Area, Level, General Disclosure and Key Performance Indicators			Section
B. Social			
Employment and Labor Practices			
Level 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.		Pages 70-72
	B1.1	Total workforce by gender, employment type (e.g., full-time or part-time), age group and geographical region.	Page 94
	B1.2	Employee turnover rate by gender, age group and geographical region.	Pages 94-95
Level 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.		Page 70
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Year.	Page 96
	B2.2	Lost days due to work injury.	Page 96
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Page 70



CONTENT INDEX TO THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE OF THE HONG KONG STOCK EXCHANGE (CONT'D)

Subject Area, Level, General Disclosure and Key Performance Indicators			Section
Level B3: Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.		Page 71
	B3.1	Percentage of employees trained by gender and employee category (e.g. senior management, and middle management).	Page 95
	B3.2	Average training hours completed per employee by gender and employee category.	Page 95
Level 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 or forced labor.		Due to the nature of the commercial banking industry, this indicator is not applicable. However, we have reported the relevant provisions for labor protection.
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	Due to the nature of the commercial banking industry, this indicator is not applicable. However, we have reported the relevant provisions for labor protection.
	B4.2	Description of steps taken to eliminate such practices when discovered.	Due to the nature of the commercial banking industry, this indicator is not applicable. However, we have reported the relevant provisions for labor protection.

CONTENT INDEX TO THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE OF THE HONG KONG STOCK EXCHANGE (CONT'D)

Subject Area, Level, General Disclosure and Key Performance Indicators			Section
Operating Practices			
Level B5: Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.		Page 44
	B5.1	Number of suppliers by geographical region.	The Bank has formulated a plan to disclose relevant information gradually in the future.
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Page 44
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Page 44
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Page 44
Level B6: Product Liability	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.		Page 69
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Due to the nature of the commercial banking industry, this indicator is not applicable.
	B6.2	Number of products and service related complaints received, and how they are dealt with.	Page 64
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Page 88
	B6.4	Description of quality assurance process and recall procedures.	Due to the nature of the commercial banking industry, this indicator is not applicable.
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Page 69

CONTENT INDEX TO THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE OF THE HONG KONG STOCK EXCHANGE (CONT'D)

Subject Area, Level, General Disclosure and Key Performance Indicators		Section
Level 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.	Page 88
	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.	Page 96
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Page 88
	B7.3 Description of anti-corruption training provided to directors and employees.	Page 88
Community		
Level B8: Community Investment	General Disclosure: Policies on community engagement to understand the needs of the communities where the business operates, and to ensure that its activities take into consideration the communities' interests.	Page 73
	B8.1 Focus areas of contribution (e.g., education, environmental concerns, labor needs, health, culture and sports).	Page 73
	B8.2 Resources (such as money or time) contributed to the focus areas.	Page 73

CONTENT INDEX TO THE GUIDELINES ON ENVIRONMENTAL INFORMATION DISCLOSURE FOR FINANCIAL INSTITUTIONS ISSUED BY PEOPLE'S BANK OF CHINA

Disclosure Contents	Specific Requirements	Chapter of Disclosure
1. Overview of the year	Financial institutions shall report on their environmental objectives, visions, strategic plans, policies, actions and key outcomes during the year, such as carbon emission controlling targets generated by their own operating activities and achievements, resource consumption, pollution and prevention, climate change mitigation and adaptation, etc.	Pages 17, 31
2. Environment-related governance structures of the financial institution	Environment-related governance structure of financial institutions, including the following levels: a) Information about green finance committees set up at the Board level, their environment-related strategic goals on the institution, analysis and judgment of environment-related risks and opportunities, and management, supervision and discussion of environment-related issues. b) Information about the management positions or internal organizations related to green finance set up at the executive level, and the main responsibilities and reporting routes of the management positions or internal organizations. c) Information and performance of the implementation of green finance related work within the scope of departmental responsibilities at the professional level.	Pages 12-13, 16
3. Environment-related policies and systems of the financial institution	Environment-related policies and systems followed by the financial institution, including but not limited to: a) Environment-related internal management systems developed by the financial institution, especially new policies and measures implemented during the Reporting Year. b) Implementation of environmental policies, regulations and standards of relevant countries and regions by the financial institution. c) The compliance with and adoption of relevant international climate and environment conventions, frameworks and initiatives of the financial institution.	Page 17

CONTENT INDEX TO THE GUIDELINES ON ENVIRONMENTAL INFORMATION DISCLOSURE FOR FINANCIAL INSTITUTIONS ISSUED BY PEOPLE’S BANK OF CHINA (CONT’D)

Disclosure Contents	Specific Requirements	Chapter of Disclosure
4. Environment-related products and services innovation of the financial institution	Environment-related products and services innovation carried out by the financial institution, including but not limited to: a) Information on innovative green finance products and services developed by the financial institution; Taking credit products as an example, the disclosure content may include but is not limited to product name, scope of delivery, innovation points (source of repayment, issuing object, interest rate, term, purpose, etc.), operation mode, operation situation, etc. b) Environmental and social benefits of the financial institution’s green product innovation.	Pages 18-25
5. Environmental risk management process of the financial institution	Environmental risk management processes of the financial institution, including but not limited to: a) Processes of identifying and evaluating environment-related risks. b) Processes of managing and controlling environment-related risks.	Page 29
6. Impacts of environmental factors on the financial institution	6.1 Environmental risks and opportunities of the financial institution The actual and potential impact of environment-related risks and opportunities on the business and strategies of the financial institution, including but not limited to: a) Environment-related risks and opportunities in the short, medium and long term identified by the financial institution. b) Impacts of environment-related risks and opportunities on the business and strategy of the financial institution. c) Measures taken by the financial institution to deal with environmental impacts and their effects.	Pages 31-37

CONTENT INDEX TO THE GUIDELINES ON ENVIRONMENTAL INFORMATION DISCLOSURE FOR FINANCIAL INSTITUTIONS ISSUED BY PEOPLE’S BANK OF CHINA (CONT’D)

Disclosure Contents	Specific Requirements	Chapter of Disclosure
	6.2 Quantitative analysis of environmental risks of the financial institution Financial institutions should quantify the impact of environmental factors on the financial institution itself or its investment targets through scenario analysis or stress test methods, including but not limited to: a) The actual situation or future plans for conducting scenario analysis or stress tests. b) The methodology, model and tools used to conduct scenario analysis or stress tests. c) Conclusions drawn by conducting scenario analysis or stress tests. d) Actual application of the results of scenario analysis or stress tests. e) Positive effects of the above application.	Pages 38-41
7. Environmental impacts of the investment and financing activities of the financial institution	7.1 Environmental impacts of the investment and financing of commercial banks include but are not limited to: a) General statements of the overall investment and financing situation and its impacts on the environment. b) Changes in the investment and financing structure of the industry compared with previous years and its impacts on the environment. c) Customers’ investment and financing situations and their impacts on the environment. d) Green investment assets managed on behalf of clients and their changes. e) Implementation effect of green investment and financing policies. f) Green investment and financing cases. g) Green supply chain and its impact on the environment.	(See performance table below)



CONTENT INDEX TO THE GUIDELINES ON ENVIRONMENTAL INFORMATION DISCLOSURE FOR FINANCIAL INSTITUTIONS ISSUED BY PEOPLE’S BANK OF CHINA (CONT’D)

Disclosure Contents	Specific Requirements	Chapter of Disclosure
	7.2 Quantitative evaluation of environmental impact of commercial banks’ investment and financing Commercial banks can adopt credible calculation methodologies or commission qualified third-party institutions to assess the environmental impacts associated with their investment and financing activities. For typical energy-saving projects and typical pollutant reduction projects, the energy conservation and emission reduction categories and corresponding data shall be reported based on the requirements specified in the project approval documents, project feasibility study reports or project environmental impact assessment reports. If the aforementioned documents do not provide quantitative data on energy conservation and emission reduction, calculations shall be performed using the formulas stipulated by the China Banking and Insurance Regulatory Commission.	In terms of data calculation and verification, the Bank primarily follows the industry-specific calculation formulas provided by the National Financial Regulatory Administration. By embedding critical elements such as relevant industries, indicators and models into the backend of the green credit business management system, the system can achieve full-process labeling and classification management of green credit and calculate the environmental benefits generated from investment and financing activities. Meanwhile, the Bank’s green finance professionals provide specialized environmental technical support and conduct data sorting and verification. They guide green classification and green credit system operations on a transaction-by-transaction basis, while performing periodic data inspections and verification to ensure the timeliness and accuracy of green credit data calculations.

CONTENT INDEX TO THE GUIDELINES ON ENVIRONMENTAL INFORMATION DISCLOSURE FOR FINANCIAL INSTITUTIONS ISSUED BY PEOPLE’S BANK OF CHINA (CONT’D)

Disclosure Contents	Specific Requirements	Chapter of Disclosure
8. Environmental impacts of operation activities of financial institutions	8.1 Direct greenhouse gas emissions and the natural resource consumption generated from the operating activities of financial institutions The direct greenhouse gas emissions and natural resource consumption generated from the operating activities of financial institutions include but are not limited to: a) Energy consumed by self-owned transportation vehicles. b) Energy consumed by self-owned heating (refrigeration) equipment. c) Water consumed by business and office activities.	Page 42
	8.2 Indirect greenhouse gas emissions and indirect natural resource consumption from products or services procured by the financial institution Indirect greenhouse gas emissions and indirect natural resource consumption from products or services procured by the financial institution include, but are not limited to: a) Electricity consumed by business and office activities. b) Paper consumed by business and office activities. c) Fuel consumed by heating (refrigeration) services purchased.	Page 42
	8.3 Environmental benefits of environmental protection measures taken by the financial institution Environmental benefits of environmental protection measures taken by the financial institution include, but are not limited to: a) Resources and energy consumption saved or replaced by carrying out online business, paperless office, building energy-saving renovation, and encouraging employees to choose public transportation. b) Information about training activities or public welfare activities held to promote environmental awareness among staff and the society, including the number of activities, the number of participants and the social impact, etc.	Pages 30, 43-44

CONTENT INDEX TO THE GUIDELINES ON ENVIRONMENTAL INFORMATION DISCLOSURE FOR FINANCIAL INSTITUTIONS ISSUED BY PEOPLE’S BANK OF CHINA (CONT’D)

Disclosure Contents	Specific Requirements	Chapter of Disclosure
9. Data sorting, verification and protection	The process of data sorting, verification and protection by the financial institution includes but is not limited to: a) Organize sorting and verification work on the quality of environment-related statistical data of the organization on a regular basis, establish data management systems and procedures, further improve the quality of relevant basic data, and ensure the timeliness and accuracy of data and external information disclosure. b) Adopt corresponding technical means to ensure data security and the rights and interests of data subjects. c) Establish emergency plans and take corresponding measures in time when faced with possible data security incidents or accidents.	Page 69
10. Innovation and research results of green finance	Innovation and research results of green finance of the financial institution include but are not limited to: a) Innovative practice cases of green finance. b) The results and future prospects of domestic and foreign research on green finance, environmental risk analysis, etc.	Pages 18-28

QUANTITATIVE PERFORMANCE OF ENVIRONMENTAL IMPACTS OF THE INVESTMENT AND FINANCING ACTIVITIES

Item	Unit	2024
Balance of green credit	ten thousand yuan	3,771,289.98
Balance of loans	ten thousand yuan	21,033,118.20
Proportion of green credit	%	17.93
Balance of green bonds held	ten thousand yuan	500,000
Total amount of green bonds issued	ten thousand tonnes	700,000
Carbon dioxide equivalents emission reduction due to green bonds held	tonne	1.27
Water saving equivalents due to change in green credit amount	tonne	8,219.33
Nitrogen oxide equivalents emission reduction due to change in green credit amount	tonne	66.48
Sulfur dioxide equivalents emission reduction due to change in green credit amount	tonne	10.05
Ammonia nitrogen equivalents emission reduction due to change in green credit amount	tonne	315
Chemical oxygen demand equivalents emission reduction due to change in green credit amount	tonne	15.75
Carbon dioxide equivalents emission reduction due to change in green credit amount	tonne	7,095.60
Standard coal equivalents emission reduction due to change in green credit amount	tonne	14,475
Balance of loans to the industries with “high pollution & energy consumption and overcapacity”	hundred million yuan	5.17
Proportion of loans to the industries with “high pollution & energy consumption and overcapacity”	%	0.25

CONTENT INDEX TO THE IFRS S2 CLIMATE-RELATED DISCLOSURES

Core Contents	Disclosure Requirements	Section
Governance	(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. (i) how responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s); (ii) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities; (iii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities; (iv) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the entity’s strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; and (v) how the body(s) or individual(s) oversees the setting of targets related to climate-related risks and opportunities, and monitors progress towards those targets, including whether and how related performance metrics are included in remuneration policies.	Page 31
	(b) management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities. (i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and (ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	Page 31

CONTENT INDEX TO THE IFRS S2 CLIMATE-RELATED DISCLOSURES (CONT'D)

Core Contents	Disclosure Requirements	Section	
Strategy	Climate-related risks and opportunities	<p>An entity shall disclose information that enables users of general-purpose financial reports to understand the climate-related risks and opportunities that could reasonably be expected to affect the entity’s prospects.</p> <p>(a) describe the climate-related risks and opportunities that could reasonably be expected to affect the entity’s prospects;</p> <p>(b) explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk;</p> <p>(c) specify, for each climate-related risk and opportunity the entity has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and</p> <p>(d) explain how the entity defines “short term”, “medium term” and “long term” and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.</p>	Pages 31-36



CONTENT INDEX TO THE IFRS S2 CLIMATE-RELATED DISCLOSURES (CONT'D)

Core Contents	Disclosure Requirements	Section
	Business model and value chain	An entity shall disclose information that enables users of general-purpose financial reports to understand the current and anticipated effects of climate related risks and opportunities on the entity's business model and value chain. (a) a description of the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain; and (b) a description of where in the entity's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets). Page 37
	Strategy and decision making	An entity shall disclose information that enables users of general-purpose financial reports to understand the effects of climate-related risks and opportunities on its strategy and decision-making. (a) information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Page 37
		(b) information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with disclosure (a). Page 37
		(c) quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with disclosure (a). Not applicable as this is the first year of disclosure.

CONTENT INDEX TO THE IFRS S2 CLIMATE-RELATED DISCLOSURES (CONT'D)

Core Contents	Disclosure Requirements	Section
	Financial position, financial performance and cash flows	An entity shall disclose information that enables users of general-purpose financial reports to understand: (a) the effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the Reporting Period (current financial effects); and (b) the anticipated effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how climate-related risks and opportunities are included in the entity's financial planning (anticipated financial effects). Pages 31-36
	Climate resilience	An entity shall disclose information that enables users of general-purpose financial reports to understand the resilience of the entity's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. The entity shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with the entity's circumstances. Pages 38-41

CONTENT INDEX TO THE IFRS S2 CLIMATE-RELATED DISCLOSURES (CONT'D)

Core Contents	Disclosure Requirements	Section
Risk management	(a) the process and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks. (i) the inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes); (ii) whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks; (iii) how the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria); (iv) whether and how the entity prioritises climate-related risks relative to other types of risk; (v) how the entity monitors climate-related risks; and (vi) whether and how the entity has changed the processes it uses compared with the previous reporting period.	Pages 38-39
	(b) the processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities;	Page 29, page 37
	(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	Page 29, page 37
Metrics and Targets	(a) information relevant to the cross-industry metric categories;	Page 41
	(b) industry-based metrics that are associated with particular business models, activities or other common features that characterise participation in an industry; and	Page 41
	(c) targets set by the entity, and any targets it is required to meet by law or regulation, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the governance body or management to measure progress towards these targets.	Page 37

GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure	Section
GRI 2: General Disclosures 2021	2-1 Organizational details	Page 4
	2-2 Entities included in the organization's sustainability reporting	Page 125
	2-3 Reporting Period, frequency and contact point	Page 125
	2-4 Restatements of information	Page 125
	2-5 Activities, value chain and other business relationships	Page 4
	2-6 Employees	Pages 70-73
	2-7 Workers who are not employees	Page 12
	2-8 Governance structure and composition	Page 12
	2-9 Nomination and selection of the highest governance body	Page 12
	2-10 Chair of the highest governance body	Pages 12-13
	2-11 Role of the highest governance body in overseeing the management of impacts	Pages 12-13
	2-12 Delegation of responsibility for managing impacts	Pages 12-13
	2-13 Role of the highest governance body in sustainability reporting	Pages 12-13
	2-14 Conflicts of interest	Pages 80-81
	2-15 Communication of critical concerns	Pages 80-81
	2-16 Collective knowledge of the highest governance body	Pages 13, 30, 82
	2-17 Evaluation of the performance of the highest governance body	Pages 12-13
	2-18 Remuneration policies	Page 70
	2-19 Process to determine remuneration	Page 70
	2-20 Annual total compensation ratio	Page 70
	2-21 Statement on sustainable development strategy	Pages 2-3
	2-22 Compliance with laws and regulations	Pages 85-87
	2-23 Approach to stakeholder engagement	Page 8

GRI STANDARDS CONTENT INDEX (CONT'D)

GRI Standard	Disclosure	Section
GRI 3: Material Topics	3-1 Process to determine material topics	Pages 8-10
	3-2 List of material topics	Page 10
	3-3 Management of material topics	Pages 8-10
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	Page 6
	201-2 Financial implications and other risks and opportunities due to climate change	Pages 32-36
GRI 205: Anti-corruption	205-1 Communication and training about anti-corruption policies and procedures	Pages 87-88
	205-2 Confirmed incidents of corruption and actions taken	Page 99
GRI 302: Energy	302-1 Energy consumption within the organization	Page 92
	302-2 Energy intensity	Page 92
	302-3 Reduction of energy consumption	Pages 43-44
	302-4 Reductions in energy requirements of products and services	Page 45
GRI 303: Water and Effluents	303-1 Management of water discharge-related impacts	Pages 43-44
	303-2 Water consumption	Page 92
GRI 304: Biodiversity	304-1 Significant impacts of activities, products and services on biodiversity	Page 26
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	Page 42
	305-2 Energy indirect (Scope 2) GHG emissions	Page 42
	305-3 Other indirect (Scope 3) GHG emissions	Page 42
	305-4 GHG emissions intensity	Page 92
	305-5 Reduction of GHG emissions	Page 115
	305-6 Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	Page 92
GRI 306: Waste	306-1 Management of significant waste-related impacts	Pages 43-44
	306-2 Waste generated	Page 93
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	Page 44

GRI STANDARDS CONTENT INDEX (CONT'D)

GRI Standard	Disclosure	Section
GRI 401: Employment	401-1 New employee hiring rate and employee turnover rate	Pages 94-95
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pages 70-72
	401-3 Parental leave	Page 72
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	Page 70
	403-2 Occupational health services	Page 70
	403-3 Worker participation, consultation, and communication on occupational health and safety	Page 73
	403-4 Worker training on occupational health and safety	Pages 70-71
	403-5 Promotion of worker health	Page 70
	403-6 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 70
	403-7 Work-related injuries	Page 96
GRI 404: Training and Education	404-1 Average hours of training per year per employee	Page 95
	404-2 Programs for upgrading employee skills and transition assistance programs	Pages 71, 73
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Pages 80, 94-95
GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling	Pages 62-64



# ABOUT THIS REPORT

## I. ABOUT THIS REPORT

You are welcome to read the 2024 Sustainability Report (Environmental, Social and Governance Report) of Weihai Bank Co., Ltd. This is the fifth Sustainability/Environmental, Social and Governance Report released by Weihai Bank Co., Ltd. (“Weihai Bank”, “our Bank” or the “Bank”), which aims to disclose the Bank’s environmental, social and governance concepts, strategies and performance related to corporate social responsibility and sustainable development, so as to respond to the expectations and concerns of stakeholders and promote the Bank to continuously improve its sustainable development performance.

### 1 Name of the Report

The “Sustainability Report” is the name adopted by Weihai Bank for its annual ESG report, which reflects the combination of Weihai Bank’s corporate governance philosophy for sustainable development and the practice of ESG concepts. At the same time, the preparation of the annual report takes into account environmental, social and governance factors, also known as the “Environmental, Social and Governance Report (ESG Report)”.

### 2 Scope of the Report

The Report is an annual report. The timeframe of the Report is from January 1 to December 31, 2024 with some content exceeding the aforementioned timeframe. Unless otherwise provided, the content of the Report is consistent with the scope of the Bank’s 2024 annual report, covering the Head Office, subsidiaries and branches of Weihai Bank. The environmental key performance indicator data covers the Head Office of the Bank.

### 3 Preparation Basis of the Report

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Code of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) with particular reference to the following report preparation standards:

- IFRS Sustainability Disclosure Standard S1 – General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1)
- IFRS Sustainability Disclosure Standard S2 – Climate-related Disclosures (IFRS S2)
- Guidelines for Financial Institutions Environmental Information Disclosure of the People’s Bank of China
- GRI Sustainability Reporting Standards (GRI Standards) of the Global Sustainability Standards Board (GSSB)
- Work Guidelines for the ESG Indicator System of State-Owned Listed Companies in Shandong Province (《山東省屬控股上市公司ESG指標體系工作指引》) from Shandong SASAC

The Report has complied with the provision of “Comply or Explain” in the Environmental, Social and Governance Reporting Code and the four reporting principles (materiality, quantification, balance and consistency).

# ABOUT THIS REPORT

## 4 Reporting Principles

The Bank has prepared the Report in accordance with the reporting principles under the Environmental, Social and Governance Reporting Code of the Hong Kong Stock Exchange.

- **Materiality:** The Bank has identified a series of environmental, social and governance issues related to the business and operations of the Company, and conducted the double materiality assessment on such issues by way of surveys and interviews of stakeholders to determine their impact on the Company’s commercial operations and the impact of each issue on the environment, society and economy. After being reviewed by the Board of Directors, the assessment results have been used to prepare the framework and content of the Report. For details of the materiality assessment process, please refer to the section “V. Communication with Stakeholders and Materiality Assessment for Issues” in this chapter.
- **Quantification:** The Bank utilizes a comprehensive set of established key performance indicators to measure and monitor its environmental, social and governance performance, and provides a complete disclosure of quantification performance.
- **Consistency:** Where feasible, the Bank uses methods consistent with previous years and the same period to calculate and monitor its environmental, social and governance performance, and if there are changes in the methods, specific explanations will be provided for report readers to compare data from different periods.
- **Balance:** The Bank has comprehensively prepared the report content in accordance with the standards referred in “3. Preparation Basis of the Report”, and disclosed the Bank’s working achievements and any potential significant negative impacts as well as positive and negative indicators, in order to facilitate stakeholders to fully understand the Bank’s environmental, social and governance related governance and performance.

## 5 Denomination Currency

Unless otherwise specified, the denomination currency for the financial data involved in the Report is RMB.

## 6 Reporting Language

The Report is released in both Chinese and English, and should there be any inconsistency, the Chinese version shall prevail.

## 7 Report Approval

The Report was reviewed and approved by the Board of the Bank on March 28 for release.

## 8 Report Release

A soft copy of the Report is released on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the official website of Weihai Bank (www.whccb.com).

## 9 Contact Information

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# READER'S FEEDBACK

Dear reader,

Greetings! It is much appreciated for you to spend time in reading the 2024 Sustainability Report (Environmental, Social and Governance Report) of Weihai Bank Co., Ltd..

The Bank values and expects to listen to your feedback on Weihai Bank's ESG management, practices, and information disclosure. Your opinions and suggestions are an important basis for the Bank to continuously promote the management and practice of sustainability. We are looking forward to your reply!

Please score from 1 to 5 (1 being the lowest and 5 being the highest) for the following questions.

1. Do you think whether the Report provides the information you need to know?

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

2. Do you think whether Weihai Bank's environmental, social and governance performances are completely reflected in the Report?

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

3. Do you think whether the Report can fully respond to the expectations and demands of Weihai Bank's stakeholders?

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

4. Do you think whether the disclosure of quantitative information in the Report is objective, authentic and efficient to you?

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

5. Do you think whether the textual expressions in the Report are clear, organized, and easy to understand?

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

6. Do you think whether the layout design of the Report helps you understand the relevant information?

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

If you have any other comments and suggestions regarding the 2024 Sustainability Report of Weihai Bank Co., Ltd., please feel free to share them.

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You can provide us with your feedback through the following channels:

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