



2021

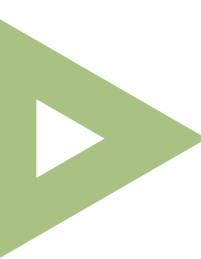
## Corporate Social Responsibility Report

Environmental

Social

Governance





GREEN WORLD, BETTER LIFE.

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# ► About This Report

## ► 1. Scope of the Report

Scope of this report: This report covers the Head Office of Postal Savings Bank of China Co., Ltd. and branches under its administration. "Postal Savings Bank of China" or "PSBC" or "the Bank" or "we" in this report refer to "Postal Savings Bank of China Co., Ltd."

Time span of this report: From January 1, 2021 to December 31, 2021. Part of the contents may exceed the above-mentioned time span.

Release cycle of this report: This is an annual report.

## ► 2. References for Preparing the Report

This report meets the preparation guidelines of the Opinions on Strengthening Social Responsibilities of Banking Institutions issued by the former China Banking Regulatory Commission, the Corporate Social Responsibilities Guidelines for China's Banking Institutions issued by China Banking Association, the Guidelines No.1 for Self-discipline of Listed Companies — Standardized Operation and Guidelines for Report on Performance of Corporate Social Responsibility issued by the Shanghai Stock Exchange, relevant requirements of the Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited, and the Principles for Responsible Banking issued by the United Nations Environment Programme, and it was prepared with reference to the Recommendations of the Task Force on Climate-related Financial Disclosures issued by the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board, the GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Sustainability Standards Board, ISO26000: 2010 Guidance on Social Responsibility issued by the International Organization for Standardization and GB/T36000: Guidance on Social Responsibility issued by the Standardization Administration of the PRC.

## ► 3. Data Sources of the Report

Financial data in this report are all from the 2021 Annual Report of PSBC (H-share), while other data are mainly from the year 2021 and some data are beyond the above time range. The currency for the amounts included in this report is Renminbi ("RMB"). Certain amounts and percentage figures included in this report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the preceding figures.

## ► 4. Assurance Method for the Report

The Board of Directors of Postal Savings Bank of China and all its members warrant that the content included in this report is free of any false record, misleading statement or material omission, and they are severally and jointly responsible for the authenticity, accuracy and completeness of the content. In the meantime, to further ensure truthfulness and reliability, Deloitte Touche Tohmatsu Certified Public Accountants LLP, an independent third party, is engaged to provide limited assurance services on selected key indicators disclosed in this report in accordance with the International Standard on Assurance Engagements - ISAE 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

## ► 5. Publication Format and Language of the Report

- This report is published in printing and electronic format. The printing format is placed in the General Office of the Bank for the shareholders and other stakeholders of the Bank to read, and the electronic format is available on the Shanghai Stock Exchange website, Hong Kong Stock Exchange website and the Bank's website.
- This report is available in Simplified Chinese, Traditional Chinese and English. In case of inconsistency, the Simplified Chinese version shall prevail.

## ► 6. Other Channels to Get Information

To get CSR reports of previous years, please log into:  
[https://www.psbc.com/en/investor\\_relations/social\\_responsibility/](https://www.psbc.com/en/investor_relations/social_responsibility/)  
To get other relevant information, please log into:  
[https://www.psbc.com/en/about\\_psbc\(psbc\\_news/](https://www.psbc.com/en/about_psbc(psbc_news/)

## ► 7. Contact Information

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Fax: 86-10-68858859

# ► About Us

The postal savings business in China can be traced back to its start in 1919 with a history of over one hundred years. In March 2007, based on the reform of the previous postal savings management system, Postal Savings Bank of China Limited was officially established. The Bank was transformed into a joint stock limited liability company in January 2012, introduced ten strategic investors from home and abroad in December 2015, went public and was listed on the Hong Kong Stock Exchange in September 2016, and was listed on the Shanghai Stock Exchange in December 2019, successfully accomplishing the three-step reform, namely "joint stock reform, introduction of strategic investors and initial public offerings of A share and H share".

With nearly 40,000 outlets and services covering over 600 million personal customers, the Bank strategically focuses on providing financial services to Sannong customers, urban and rural residents and SMEs. Relying on its unique model and resource endowment featuring directly-operated outlets and agency outlets, it is committed to meeting the financial needs of the most promising customers during China's economic transformation. In addition, the Bank is accelerating its transformation towards a new retail bank featuring data-driven, channel coordination, interaction between wholesale and retail as well as efficient operation. It has shown its superior asset quality and significant development potential, and is a leading retail bank in China.

The Bank is committed to serving the real economy, actively implementing the national development strategy and supporting the development of the modern economic system of China, and fulfilling its social responsibilities. The Bank adheres to the customer-centric philosophy and has established a financial service system where online and offline services connect with each other for joint development, providing our customers with quality, convenient and efficient integrated financial services. It adheres to the risk-based approach and a prudent and sound risk appetite, and continuously improves the development of the comprehensive risk management system featuring "all aspects, whole process and entire staff". It continues to follow the operation philosophy of "gaining a first-mover advantage with market insights", and strives for high-quality development in fields of inclusive finance, wealth finance, industry finance and green finance.

Since its establishment 15 years ago, the Bank has been playing an increasingly important role in the market with marked influence. It has been rated A+ and A1 this year by Fitch Ratings and Moody's Investors Service respectively, which are the same as China's sovereign credit ratings. It has been rated A, AAAspc and AAA with a stable outlook by S&P Global Ratings, S&P Global (China) Ratings and CCXI. In 2021, it ranked 15<sup>th</sup> in The Banker's list of "Top 1000 World Banks" in terms of tier 1 capital.

Faced with the period of important strategic opportunities for China's economic and social development, the Bank will thoroughly implement the new development concept, focus on high-quality development, stay committed to the general principle of pursuing progress while ensuring stability, comprehensively deepen reform and innovation, and accelerate the transformation and development towards "uniqueness, comprehensiveness, lightness, digitalization and intensiveness". Committed to fulfilling its economic, political and social responsibilities as a major state-owned bank, the Bank will continue to improve the quality and efficiency of serving the real economy and the ability of serving customers, and make every effort to be a first-tier large retail bank which is trustworthy, distinctive, prudent, safe, innovative, and with remarkable value.

<b>TOP 1000 WORLD BANKS 2021</b>  <b>S&amp;P Global Ratings</b> 	<b>FitchRatings</b>  <b>S&amp;P Global (China) Ratings</b> 	<b>Moody's</b>  <b>CCXI</b> 
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**Zhang Jinliang**  
**Chairman of Postal Savings**  
**Bank of China**

## Message from the Chairman

The year 2021 was a milestone in the history of the Communist Party of China (CPC) and our country, and a critical year for us to maintain the hard-working and motivated spirit and plan for long-term development. Rallying closely around the CPC Central Committee with Comrade Xi Jinping at the core, we drew wisdom and strength from the centennial Party history, followed the trend of the times, kept in pace with the country's development, shared weal and woe with our society and acted in one mind with the people. We continued to pursue high-quality development, went all out to serve economic and social development, and got the 14<sup>th</sup> Five-Year Plan period off to a good start.

**Last year, we continued to value human assets and grow with our employees.** We attach great importance to the training and development of employees and have in place an employee development and management system that is scientific, standardized, open, inclusive and efficient. In 2021, we continued to expand our pool of outstanding talents and future leaders, offered promotion opportunities on a regular basis, provided competition mechanisms that enabled outstanding employees to emerge and built platforms for employees to put their talent to good use and generate value through professional services. We encouraged employees to choose the career path most suited for their talent and potential, and fully respected their value, tapped their potential and helped them achieve their dreams.

**Last year, we carried forward the tradition of inclusive finance and contributed to public well-being.** Our inclusive finance is deeply rooted in our genes as we took solid steps to promote digital transformation of Sannong finance, built up the brand of inclusive finance, and stayed committed to the mission of "covering both urban and rural areas and delivering services to the broad masses". In 2021, we continued to improve our financial services to micro, small and medium-sized enterprises and established a digital and professional service system for them. As the pioneer and practitioner of inclusive finance, we focused on the top priorities of the country and contributed our strength to rural revitalization.

**Last year, we continued to pursue green development and worked with stakeholders to create a beautiful environment.** President Xi Jinping points out that "lucid waters and lush mountains are invaluable assets". In 2021, we continued to pursue sustainable development, implemented the green finance development plan and formulated the Action Plan on Implementing Carbon Peak and Carbon Neutrality of Postal Savings Bank of China, striving to become a first-tier green inclusive bank, a climate-friendly bank and an eco-friendly bank. We officially adopted the Principles for Responsible Banking

(PRB), became a supporter of the Task Force on Climate-related Financial Disclosures (TCFD), and made green development a defining feature in green bank construction with priorities given to such areas as corporate governance, product innovation, incentive mechanism, risk management and information disclosure.

**Last year, we continued to put people first and promote steady and sustainable progress.** Holding the people-centric philosophy, we stayed true to the strategic positioning as a retail bank and saw steady growth in operation and development. We performed our responsibilities as a major state-owned bank, incorporated social responsibility into the development strategy, corporate governance, corporate culture and business processes, and joined hands with stakeholders to build a responsible, resilient and caring first-tier large retail bank. In 2021, we were rated "A" by MSCI's ESG Ratings with a leading industry performance in China.

**Last year, we engaged in charities and gave back to society.** We actively participated in public benefit activities and charities, pooling social strengths to deliver a spirit of humanity. March 20<sup>th</sup>, 2022 marks the Bank's 15<sup>th</sup> anniversary, and the 5<sup>th</sup> anniversary of the PSBC Love Charity. In the past five years, we sponsored many students in need, and launched programs such as PSBC Love Classes of Self-Commitment, PSBC Love Scholarship and PSBC Love Caring Package. By doing so, we created a brighter future for the less-privileged youth and enabled them to chase their dreams.

Drawing strength from our robust cultural legacy built over the past century, we will follow the trend of the times and build on our past successes to further fulfill our vision with pride and enthusiasm. On this new journey guided by the 14<sup>th</sup> Five-Year Plan, we are charged with the historic mission of serving the real economy, supporting rural revitalization and contributing to common prosperity. We will fully grasp the dialectic relations between "lucid waters and lush mountains" and "invaluable assets", strike a balance between economic development and carbon emissions reduction, the whole and parts, short-term and medium- and long-term interests, and keep modernizing our corporate governance system and capacity. We will adhere to the green, low-carbon path of high-quality development, continue to create value for our shareholders, customers, employees and society, and set the stage for the 20<sup>th</sup> National Congress of the CPC with concrete actions.

Chairman:

A handwritten signature in Chinese ink, likely belonging to Zhang Jinliang, Chairman of Postal Savings Bank of China.



Liu Jianjun  
President of Postal Savings  
Bank of China

# Message from the President

In 2021, Postal Savings Bank of China followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, grounded its efforts in the new development stage, applied the new development philosophy and fit into the new development pattern. We continued to strengthen ESG management and power economic, social and environmental sustainability with financial services. While fulfilling our social responsibility as a major state-owned bank, we achieved overall stable and improving performance. In 2021, our net profit registered RMB76,532 million, up by 18.99% year on year; the year-end non-performing loan ratio registered 0.82%, indicating stable and sound asset quality.

**Last year, we supported rural revitalization and paved the way for common prosperity.** For financial institutions including us, it is a mission and also an opportunity to contribute to rural revitalization in all respects and common prosperity. In 2021, we leveraged our distinctive strengths, continued to reform the Sannong Finance Business Department, improved related professional services and delivered them both online and offline. By working hard to build a digital banking ecosystem for rural revitalization, we painted a magnificent picture of rural revitalization and marched ahead towards the goal of common prosperity. As of the end of 2021, the balance of our agriculture-related loans surpassed RMB1.6 trillion; we had accumulatively granted more than RMB6 trillion of micro loans, serving more than 50 million person-times.

**Last year, we continued to develop green finance and promote ecological conservation.** Ecological civilization represents the development trend of human civilization. In 2021, we actively explored a green finance path to the carbon peak and carbon neutrality goals, put forward the proposition "Green World, Better Life", and deepened the building of a green bank. We vigorously developed sustainable finance, green finance and climate financing, supported biodiversity conservation and promoted harmonious coexistence between human and nature. As of the end of 2021, our green loan balance stood at RMB372,294 million, up by 32.52% over the prior year-end.

**Last year, we continued to promote inclusive finance and consolidate the foundation for public well-being.** We continued to develop digital finance for micro, small and medium-sized businesses, built a team of inclusive finance professionals, and co-launched the RUC National Institute of

Small and Medium Enterprises. As a result, our financial services for micro and small businesses have expanded in size and coverage with better quality. We optimized customer journey and delivered inclusive financial services for urban and rural residents. We stepped up efforts in developing fintech to empower corporate management, business growth and customer services on an ongoing basis. As of the end of 2021, the balance of inclusive loans to micro and small businesses registered RMB960,602 million and that of personal consumer loans stood at RMB2.67 trillion.

**Last year we upheld the original purpose of finance and consolidated the foundation of economic growth.** Finance is the lifeblood of a modern economy. In 2021, we actively fitted into the new development pattern, and spared no effort to serve national strategies, support the real economy and bolster regional coordinated development. We continued to increase financial support for advanced manufacturing, strategic emerging industries and specialized and sophisticated enterprises that produce new and unique products to advance industry upgrade. We developed trade finance and supply-chain finance and supported opening-up at a higher level. As of the end of 2021, the balance of corporate loans stood at RMB2.25 trillion, up by 13.96% over the prior year-end.

**Last year we worked with stakeholders and pooled resources to create a better society.** We put emphasis on giving back to our shareholders, built a career platform that enables "both vertical promotion and horizontal transfer", effectively protected consumers' rights, and actively engaged in public service activities, sharing our development achievements with stakeholders. As at the end of 2021, we launched more than 43,000 online and offline training sessions, covering more than 2.71 million person-times; 99.64% of the customers were satisfied with our telephone customer service. Since its establishment, the PSBC Love Charity Foundation has raised approximately RMB41,059,900 and sponsored more than 18,000 students in need.

As an ancient Chinese poem reads, "Boundless is the ocean where we sail with the wind." In 2022, we will continue to serve Sannong customers, urban and rural residents and SMEs. We will continue to forge ahead tirelessly and determinedly, speed up efforts to build our Bank into a first-tier large retail bank, and contribute more to economic, social and environmental progress. Let's join hands and forge ahead together for a shared future!

President:

A handwritten signature in black ink, appearing to read "刘建军".



# ► Responsibility Column

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## Feature Story: Serving rural revitalization and promoting common prosperity

Fulfilling the responsibility of providing financial services to Sannong customers

Unique advantages in serving Sannong customers

Opening a new chapter of serving rural revitalization during the 14<sup>th</sup> Five-Year Plan period

Important progress in 2021

GREEN WORLD, BETTER LIFE.



## Fulfilling the responsibility of providing financial services to Sannong customers

As a major state-owned bank focusing on serving Sannong (agriculture, rural areas and farmers) customers, urban and rural residents and SMEs, PSBC firmly put in place the decisions and plans of the CPC Central Committee and the State Council on work concerning Sannong. Based on its service network that covers urban and rural areas, the Bank actively developed innovative financial service modes, constantly deepened the reform of the Sannong Finance Business Department, and established professional Sannong service system to provide quality financial services for Sannong customers and make contributions to developing agriculture and rural areas and improving the well-being of farmers.

### ► An important supplier of basic financial services for rural areas

Over the years, by leveraging the advantage of its countryside-rooted service network, PSBC has actively deployed self-service equipment and set up farmer service points, reaching the “last mile” in financial service delivery. Farmers now can enjoy basic financial services such as deposit, withdrawal and transfer without leaving their villages. In the meantime, the Bank has vigorously promoted mobile banking in rural areas and developed convenient payment and online loan application, which allows customers to turn to online channels and make fewer visits to the Bank’s branches, thus providing more convenient and efficient financial services for customers in rural areas. As at the end of 2021, the Bank had nearly 40,000 outlets, about 70% of which are located in counties and areas below the county level, and placed nearly 100,000 self-service equipment in counties. Personal deposits at and below the county level accounted for nearly 70% of the Bank’s personal deposits. The number of mobile banking customers at the county level recorded about 200 million, accounting for over 60% of the Bank’s total mobile banking customers.

### ► An active helper in winning the battle against poverty

In the battle against poverty, PSBC actively developed the micro credit business for poverty alleviation, vigorously promoted poverty alleviation via industrial development and project implementation, and supported poor regions in developing businesses that leverage local strengths. In this process, the Bank developed five poverty alleviation modes through finance, namely, resident first Party secretaries cooperation mode, platform cooperation mode, industry-driven mode, talent-driven mode, and creditworthy village mode. In particular, the “Caichuan mode” in Ningxia that combines industry-driven mode, talent-driven mode and financial support, was included in the list of China’s classic cases of poverty alleviation through inclusive finance and in the courses developed by the UN for poverty alleviation in developing countries. Since 2012, the Bank has issued over RMB1 trillion loans of all types in 832 poor counties (which have been lifted out of poverty), making positive contributions to winning the battle against poverty.

As at the end of 2021

Loans of all types extended to 832 poor counties (which have been lifted out of poverty)

Growth of agriculture-related loans for the eighth year straight

Amount of micro loans that have been granted since its launch

Proportion of outlets located in counties and areas below the county level

Proportion of mobile banking customers at the county level

**Over RMB1 trillion**

**Over RMB100 billion**

**Over RMB6 trillion**

**About 70%**

**Over 60%**

### ► An important financing channel for rural businesses

PSBC started its personal credit business with micro loans for farmers. It has established and improved special mechanisms and regulations for micro loans and cultivated a professional team to assist micro and small businesses including large or small agricultural households, family farms, large and specialized agricultural family operations and rural individual business owners in becoming rich. In particular, over the past few years, it has established a completely digital micro loan procedure based on mobile business development system. That allows banking staff to provide door-to-door service with portable devices and handle business on the spot, with agreement signing and loan disbursal completed on site at the soonest, turning "window service" into "doorstep service". As at the end of 2021, the Bank's agriculture-related loans increased by over RMB100 billion for the eighth year straight. Since its launch, the Bank has granted such loans for 50 million person-times with the amount of more than RMB6 trillion, as well as an average amount of only over RMB100,000 per transaction.

### ► An important bridge for flows of urban and rural factors of production

PSBC's network covers not only rural areas but also cities and towns. For years, the Bank has made full use of its resource endowment featuring "one network that covers urban and rural areas and overall arrangement across the nation". Leveraging the advantage in coordination between postal and banking services, the Bank, through cooperation between urban and rural areas, between the Head Office and branches and between internal and external institutions, has assisted in an efficient flow of such factors of production as products, talents and funds between urban and rural areas. In addition, it has actively provided financial services for rural college students, migrant workers, people who return to their hometowns to conduct innovation and start businesses, and new types of agribusiness. It has also vigorously supported the modernization and upgrading of industries of hogs, major crops and seeds, the growth of new industries and new business forms such as rural e-commerce and leisure agriculture, as well as the construction of rural infrastructure and the improvement in public services and living environment.



PSBC went all out to support agricultural production. The picture shows that credit account managers of PSBC Ma'anshan Branch of Anhui Province visited major grain growers in Wujiang Town, Hexian County, to understand their financing needs

## Unique advantages in serving Sannong customers

### 1 ► Rich professional experiences

Long engaging in financial services for rural areas and farmers, the Bank has accumulated rich experiences in the micro loan business and has cultivated a credit team with more than 40,000 members

### 2 ► A network going deep into urban and rural areas

The outlets of the Bank are distributed in 99% of counties (cities) across China. Such a large number of outlets and extensive geographical coverage have provided the Bank with a resource advantage of owning a network connecting urban and rural areas.

### 3 ► Integrated collaborative resources

By making full use of the advantage featuring "four flows in one" (business flow, goods flow, information flow and funds flow) of China Post Group Corporation Limited, the Bank, starting with industrial chain finance, has effectively solved the difficulties in accessing finance, sales and logistics in rural areas by providing a package of integrated services such as delivery, e-commerce, financial services, etc.

### 4 ► Characteristic service modes

Based on its resource endowment, the Bank has established the "4321" inclusive financial service system with PSBC's characteristics and developed a mode that effectively integrates online and offline services.

"4" refers to four systems, namely, marketing system, product system, operating system and risk control system. "3" refers to three guarantees, namely, institutional guarantee, mechanism guarantee and team guarantee. "2" refers to two supports, namely, cultural support and technological support. "1" means one financial service ecosystem that is built through the "432" model.



### 5 ► A solid customer base

About 70% of the personal customers served by the Bank are in counties and areas below the county level.

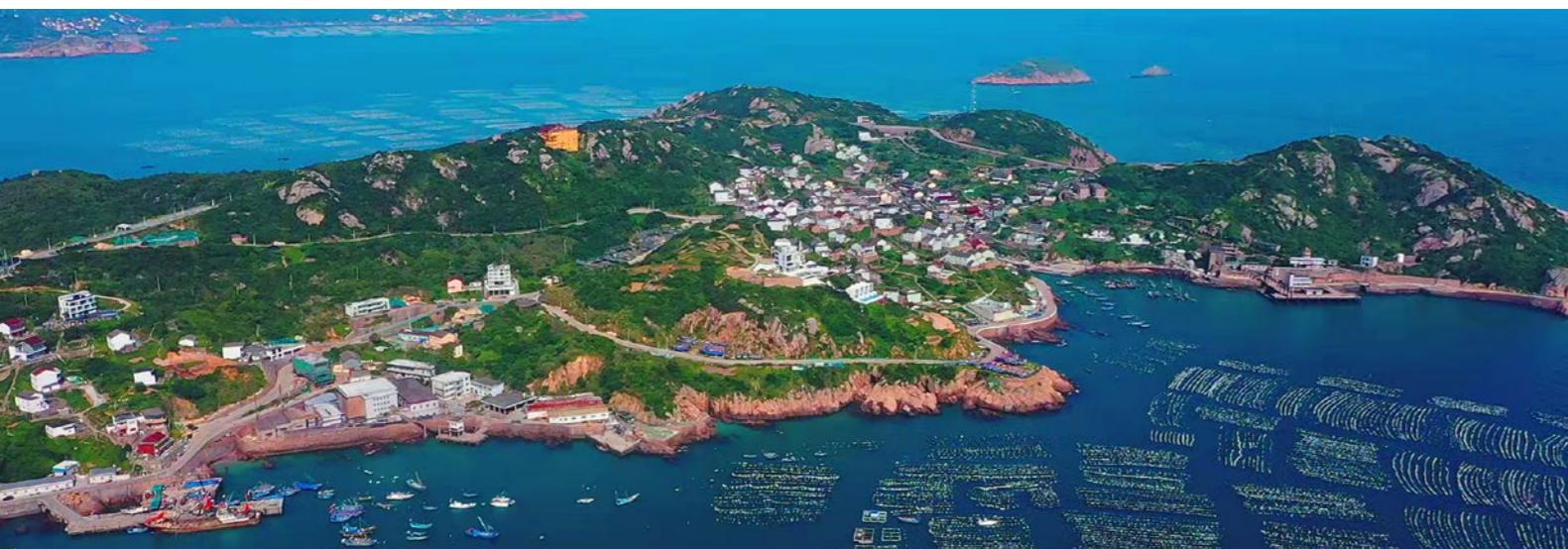
## ► Opening a new chapter of serving rural revitalization during the 14<sup>th</sup> Five-Year Plan period

In 2021, PSBC carefully studied the country's 14<sup>th</sup> Five-Year Plan, and based on its realities, the Bank formulated the Opinions of Postal Savings Bank of China on Serving Rural Revitalization During the 14<sup>th</sup> Five-Year Plan Period, clarified the "12345" work framework and put forward "ten core programs" for serving rural revitalization. During the 14<sup>th</sup> Five-Year Plan period, the Bank will closely follow the outline for Sannong-related work, correctly understand the new development stage, and take the digital transformation of Sannong financial services as a major task. In the meantime, it will improve the ability of providing integrated online and offline services, and develop itself into a digital ecology bank that serves rural revitalization, as well as a leader and practitioner of inclusive finance. The Bank will continue to promote the transformation of the Sannong financial services from serving "small household farmers" to serving the entire Sannong-related sector with the whole industrial chain financial services. It will fully support rural revitalization in all respects and help to achieve common prosperity.



### "Ten Core Programs" for Serving Rural Revitalization

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>➤ Development of big data platform for agriculture and rural areas</li> <li>➤ Scenario building at county level</li> <li>➤ Enhancement of online products</li> <li>➤ "PSBC E Chain" platform</li> <li>➤ Government data collection and connection</li> </ul> | <ul style="list-style-type: none"> <li>➤ Ecological map of corporate business for rural revitalization</li> <li>➤ Cooperation with China Post Group that benefits farmers</li> <li>➤ Development of a Sannong ecosystem through the coordination between the Bank and its subsidiaries</li> <li>➤ Digital risk control of Sannong finance</li> <li>➤ Brand building for Sannong finance</li> </ul> |
|---|--|



A mussel culture base at Gouqi Island, Shengsi County, Zhoushan City, Zhejiang Province which received credit support from PSBC

**Intensifying support for key fields of rural revitalization and assisting in agricultural and rural modernization.** With a focus on new types of agribusiness, innovators and entrepreneurs in rural areas, rural collective economic organizations, etc., PSBC will continuously intensify financial support, further improve the ability of agriculture-related corporate business, and strengthen the interaction between corporate and retail business, so as to ensure the supply security of major agricultural products, promote agricultural supply-side structural reform and rural development initiatives, and assist in aligning efforts to consolidate and expand the achievements in poverty alleviation with efforts to promote rural revitalization.

**Accelerating digital transformation and focusing on improving the ability to provide online-offline integrated services.** PSBC will focus on advancing the digital transformation of Sannong finance, improving online service capability, and promoting upgrading of offline services. It will accelerate the building of the rural credit system, establish the agricultural and rural big data platform, and strengthen big data analysis capability to provide accurate profile and integrated services for agricultural households and allow most of them across the country to enjoy PSBC's convenient and quality financial services.

**Improving the whole-process risk control system and ensuring the steady development of the Sannong financial business.** PSBC will do a good job of risk control in such key fields as key institutions, products, sectors and customers, and strengthen prevention of moral hazard among staff. It will continuously improve digital risk control capability, diversify and optimize the risk early-warning model, and improve automatic risk early-warning.

**Refining the organizational and policy support system to give impetus to Sannong finance development.** PSBC will strengthen planning and leadership, give full play to the role of the Leading Group for Supporting Rural Revitalization and refine the leadership mechanism in which the Head Office makes the masterplan, tier-1 branches take general responsibility, and city or county level branches urge implementation. It will establish and improve the supporting system and strengthen performance evaluation, resource allocation and service innovation. It will continue to build Sannong finance team with "one understanding and two carings" and enhance the brand influence of its Sannong financial services.



A person in charge of a fruit & vegetable enterprise briefed the credit account managers of PSBC Zhangzhou Branch of Fujian Province on the purchase of honey pomelos

## Important progress in 2021

In 2021, PSBC implemented the decisions and plans of the CPC Central Committee and the State Council on Sannong work. By leveraging the advantage in the coordination of postal and banking services, the Bank strengthened technological empowerment and promoted the digital transformation of Sannong finance. In the meantime, it accelerated the implementation of the "ten core programs" of rural revitalization, increased credit support for key entities and fields concerning rural revitalization, actively assisted in consolidating and expanding the achievements in poverty alleviation, and supported rural revitalization in all respects. As at the end of 2021, the Bank's balance of agriculture-related loans recorded RMB1.61 trillion, an increase of RMB198,445 million or 13.90% from the prior year-end. The balance of micro loans was RMB915,354 million, an increase of RMB169,102 million or 22.66% from the prior year-end.

As at the end of 2021

Balance of agriculture-related loans

**RMB1.61 trillion**

Increase from the end of last year

**RMB198,445 million**

Up from the end of last year

**13.90%**

Balance of micro loans

**RMB915,354 million**

Increase from the end of last year

**RMB169,102 million**

Up from the end of last year

**22.66%**

## ► Maintaining strategic focus by bolstering organizational and policy support

First, the Bank strengthened planning and leadership. In 2021, it followed the PSBC Party committee's leadership in the work of serving rural revitalization, gave full play to the role of the Leading Group for Supporting Rural Revitalization, changed the original Management Committee for Sannong Finance Services into the Management Committee for Rural Revitalization and Inclusive Finance, and adjusted the original Sannong Finance Business Department to set up Sannong Finance Business Department (Rural Revitalization Finance Department). Second, the Bank strengthened top-level design. It formulated the Opinions of Postal Savings Bank of China on Serving Rural Revitalization During the 14<sup>th</sup> Five-Year Plan Period, clarified the "12345" work framework and put forward "ten core programs" of serving rural revitalization. The Bank established the mechanism in which Party secretaries serve grassroots-level contact point for rural revitalization, conducted the comprehensive survey on services for rural revitalization, and formed the collection of research reports on key sectors of rural revitalization such as hog and seed industries. Third, the Bank strengthened policy support. It added rural revitalization evaluation indicators to business performance evaluation, provided preferential treatment in terms of funds transfer pricing (FTP), and gave priority to rural revitalization in allocating credit lines and economic capital. The Bank also improved the implementation guidelines to ensure those who have fulfilled their duties will not be held liable for anything beyond their control.

## ► Providing targeted services with a focus on key tasks of rural revitalization

First, the Bank assisted in consolidating the progress in poverty alleviation and further revitalizing the countryside. It strictly implemented the requirements of keeping in place the responsibility system, policies, aid and regulation for poverty alleviation after targeted poor regions have been lifted out of poverty, and maintained the financial support policy generally stable. It developed the micro credit policy for people who have been lifted out of poverty, and did its utmost to help registered people who have been lifted out of poverty and people liable to fall into poverty to develop production and increase income. Moreover, it increased financial support for regions that have been lifted out of poverty by supporting the development of pillar industries in counties and industries and businesses that leverage local strengths in those regions. Second, the Bank intensified credit support for important agricultural products such as grain. It especially developed guidelines on credit extension policy for rural revitalization, included industries such as seed and grain growing as encouraged key industries, and actively provided financial services for spring farming preparation. The Bank also continuously ensured quality financial services for the industrial chain of hogs to fully support stable yield and supply. Third, the Bank actively supported the development of new types of agribusiness. It issued the Opinions of Postal Savings Bank of China on the Implementation of Supporting the Development of New Types of Agribusiness, continuously provided loans secured by the management right of rural contracted land, developed financing secured by agricultural machinery and tools, agricultural trademarks, movable property, etc., expanded the scope of collateral, and promoted unsecured loans among farmers. Fourth, the Bank strengthened financial services for industrial chains. With a focus on key industries such as grain and feed, it developed the industrial chain loan products for key industries to help small household farmers adapt to modern agricultural development. Fifth, the Bank actively supported rural development initiatives. It launched loan products with such themes as building of happy, beautiful and new villages, rental housing on collectively owned land parcels and energy conservation & environmental protection, to support rural infrastructure construction. It promoted the development of public service loans such as hospital loan and school loan as well as other loans for resources concerning the well-being of the people. It also carried out loan projects for construction of wholesale markets of agricultural products, and supported the building of cold chain storage facilities.



Credit account managers of PSBC Turpan Branch of Xinjiang Uygur Autonomous Region went to the fields to provide financial services for grape growers



## ► Improving capabilities and empowering rural revitalization with fintech

First, the Bank took solid steps to build the rural credit system and actively explored the proactive credit extension mechanism. It established the "123456" creditworthy village mechanism featuring the six steps of "screening, visit, review, collection, assessment and announcement", and developed new online loan products for creditworthy households. In the meantime, it set up the Sannong data center, strengthened internal data integration, actively developed data cooperation with third parties such as the government, and explored the building of a more efficient and targeted proactive credit extension mechanism featuring "small credit line and wide coverage". As at the end of 2021, the Bank had assessed 0.1908 million creditworthy villages and 3.6364 million creditworthy households. Second, the Bank continued to optimize products and services and improve service efficiency. It vigorously developed online loan products, continuously optimized online products such as "Speedy Loan", and offered new online loan services for customers in various scenarios such as state farms and merchants using the Bank's acquiring services. It continued to optimize the functions of its mobile business development system and sped up the completely digital operation procedures of the micro loan business. In 2021, nearly 95% of the Bank's micro loans were issued online. Third, the Bank actively promoted the building of service scenarios at the county level. It intensified the promotion of mobile banking at the county level, promoted the application of mobile payment in scenarios for neighborhood services in counties, and furthered deep integration of key fields of rural revitalization with e-CNY application scenarios. Fourth, the Bank supported China Post Group Corporation Limited in actively implementing the demonstration projects of fintech empowerment in rural revitalization launched by the People's Bank of China and other six ministries.

## ► Creating synergy to strengthen internal and external coordination and cooperation

First, the Bank strengthened coordination with sectors of China Post Group and advanced cooperation projects for agricultural development. It continued to refine the coordinated service mechanism, improved services and products, and increased service quality and effectiveness, making concerted efforts to solve the difficulties in accessing finance, sales and logistics in rural areas. Second, the Bank actively took part in the "Credit Express for New Types of Agribusiness" program by the Ministry of Agriculture and Rural Affairs. As at the end of 2021, the program was put in place in twenty of the Bank's provincial-level institutions. Third, the Bank deepened cooperation with the national agricultural credit guarantee system. It continuously optimized the cooperation process for loans secured by agricultural credit guarantee institutions, and brought the cooperation online, thus improving service efficiency and customer experience.



## Case Study

### ➤ Assisting in consolidating and expanding the achievements in poverty alleviation

With a focus on local characteristic industries, PSBC Guizhou Branch continued to intensify financial support to 20 key state-level target counties and 30 key province-level target counties in Guizhou Province under the national rural revitalization strategy, providing financial resources to regions and people that have been lifted out of poverty.

Centering on 12 business operations with distinctive local features, namely tea, edible mushrooms, vegetables, roxburgh rose, traditional Chinese medicinal materials, hot pepper, fruits, ecological fishery, ecological poultry, hog, cattle and sheep, and feature forestry, the Branch expanded bank-government, bank-guarantee and bank-insurance cooperation platforms. With online + offline farmer credit loans and agriculture-related loans for small enterprises as support, the Branch launched feature products such as "Walnut Loan" "Guizhou Pig Loan" and "Guizhou Hot Pepper Loan" to relieve the financing difficulties of characteristic industries. In the key target county Hezhang County in Bijie City, the Branch provided over RMB20 million "Walnut Loan" credit support to walnut planting, processing and sales procedures. In Congjiang County in Qiandongnan Prefecture, the Branch offered credit support to leading players in the laying hen raising industry, which helped create over 10,000 jobs. As at the end of 2021, the balance of loans of PSBC Guizhou Branch to 20 key target counties under the national rural revitalization strategy totaled RMB5.98 billion, an increase of RMB1,002 million or 20.14% from the prior year-end.

### ➤ Jointly building the creditworthy village system to help farmers becoming rich

"Thank PSBC for solving my financial difficulties." Ms. Song, a villager of Huangying Village, Dongwangying Township, Xihua County, Zhoukou City, Henan Province, was brimming with joy after reading the message on fund crediting. Due to the impact of the pandemic, Ms. Song was in urgent need of a loan. But she lacked guarantee. After learning her situation, PSBC Xihua Sub-Branch provided an unsecured loan based on the background information of creditworthy villages and creditworthy households. From field inspection, information collection to loan granting, Ms. Song's financing problem was solved in just 20 minutes.

In active response to the national strategy of rural revitalization, PSBC Henan Branch established a leading group for the building of rural credit systems at provincial, municipal and county levels and issued incentive policies in support of the system building, which effectively ensured the smooth building of the rural credit system. As at the end of 2021, the branch built around 31,900 creditworthy villages, named approximately 302,100 creditworthy households, granted credit to some 21,400 creditworthy households, and issued RMB626 million pure online unsecured loans.

### ➤ Helping address agriculture-related payment issues

In cooperation with China Grain Reserves Group Finance Co., Ltd., the Bank has provided the company with e-CNY payment and management services, opened corporate accounts and digital wallets for the company, launched the pilot e-CNY payment in agriculture-related scenarios in Hunan Province, and guided grain-selling farmers and agents to open personal digital wallets on their own. With the services, the company can pay for grain procurement using e-CNY, and farmers can receive their payments without additional charges and on a real-time basis, thus reducing the settlement costs and improving settlement efficiency.

### ➤ "PSBC Guarantee Cloud Connect": "lending" a new hope

PSBC Anhui Branch launched "PSBC Guarantee Cloud Connect", a new model of cooperation between the national banking system and the national agricultural credit guarantee system and the first whole-process information interaction platform between the two systems. It has set an example for the banking system and the national agricultural credit guarantee system to develop in-depth cooperation.

Under the "PSBC Guarantee Cloud Connect" model, by exchanging information, sharing data and integrating functions like online fee collection and remote contract signing, banking and guarantee institutions can handle services for customers online throughout the whole process. Customers now can deliver demand through a single QR code scanning, make only one visit to branch and sign only one piece of contract. The model has thus further improved the convenience and coverage of the credit service. "PSBC Guarantee Cloud Connect" was successfully launched on December 10, 2021, and in the same month, the first batch of transactions were implemented.



PSBC Guizhou Branch supported farmers to grow zinc selenium tea to increase income and achieve prosperity

### ➤ Read more:



Drawing a Magnificent Picture of Rural Revitalization  
A Rural Revitalization Brand Promotional Film



# ► Responsibility Planning

绿色让生活更美好

## Responsibility Planning

PSBC's 14<sup>th</sup> Five-Year Plan Outline

Corporate Culture

Concept of CSR

GREEN WORLD, BETTER LIFE.





During the 14<sup>th</sup> Five-Year Plan period, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank will follow the national 14<sup>th</sup> Five-Year Plan Outline, ground its efforts in the new development stage, implement the new development philosophy, and serve the new development pattern. Adhering to the general tone of seeking progress while ensuring stability, the Bank will focus on serving the real economy and people's livelihood, take reform and innovation as the fundamental driving forces, customers as the center, and value creation as the orientation, strive to create a new landscape of high-quality development, and strive to build a first-tier large retail bank which is trustworthy, distinctive, prudent, safe, innovative, and with remarkable value.

## ► PSBC's 14<sup>th</sup> Five-Year Plan Outline

### ► Strategic Target

Empower high-quality development with financial technology, accelerate transformation of business model, build a smart risk control system and enhance value creation to be a leading digital ecology bank serving the rural revitalization and new urbanization.

### Strategic Guidelines

- 1 Take promoting high-quality development as the theme;
- 2 Serve rural revitalization and new urbanization, provide service in lower-tier markets to consolidate county-level advantages, and make breakthroughs in key areas to enhance the competitiveness in cities, thus forming a strategic pattern driven by both urban and rural development;
- 3 Stick to the three-sphere positioning of serving Sannong, urban and rural residents and SMEs;
- 4 Focus on four fields of inclusive finance, wealth finance, industrial finance and green finance;
- 5 Advance five-pronged transformation of uniqueness, comprehensiveness, lightness, digitization and intensiveness;
- 6 Intensify the six strategies of technology empowerment, deepening customer relationship, boosting the leapfrog growth of fee and commission income, building a strong bank with talents, safeguarding the Bank through risk management, and coordinated development.

### ► Four Fields



**Inclusive Finance.** PSBC will play the roles of forerunner and practitioner of inclusive finance to the full, tap into the potential of the unique model combining "directly-operated outlets and agency outlets" and inject technological strength to traditional resource endowment, so as to integrate online and offline businesses and iterate its service model constantly.



**Wealth Finance.** PSBC will build a new wealth finance model that encourages openness and embraces innovation, follow the trend of residents' wealth growth and consumption upgrade, refine management based on customer segmentation, and improve customer experience on all fronts.



**Industrial Finance.** PSBC will support the transformation and upgrading of industrial structure by virtue of industrial finance, combine direct and indirect financing products, and develop new ways to meet the needs of small, medium and large-sized enterprises dependent on core enterprises along the industrial chain and retail customer groups.



**Green Finance.** PSBC will vigorously develop sustainable finance, green finance and climate financing, implement major decisions and plans of the CPC Central Committee and the State Council on peaking carbon emissions and achieving carbon neutrality, and make effort to build a first-tier green inclusive bank and a climate-friendly bank.

## ► Corporate Culture



## ► Concept of CSR

The Bank integrates social responsibility into its development strategy, governance structure, corporate culture and business process, and joins hands with relevant parties to build a first-tier large retail bank which is responsible, resilient and caring.





# Responsibility Practice

綠色讓生活更美好

## Building beautiful ecology together

Harmonious coexistence: building a green bank

Low-carbon development: practicing green finance

Efficiency and energy conservation: implementing green operation

GREEN WORLD, BETTER LIFE.



## Harmonious coexistence: building a green bank

PSBC thoroughly applied the concept of green development, strictly put in place national policies and regulatory requirements, and supported the United Nations 2030 Sustainable Development Goals (SDGs) and the Paris Agreement. The Bank pressed ahead with green banking building in the fields of corporate governance, policies and regulations, product innovation, incentive mechanism, risk management, information disclosure, etc., vigorously developed sustainable finance, green finance and climate financing, supported biodiversity protection, and assisted China in reaching the goals of achieving peak carbon emissions by 2030 and carbon neutrality by 2060. As at the end of 2021, the Bank's balance of green loans recorded RMB372,294 million, up 32.52% from the prior year-end, exceeding 30% for the second year in a row. Balance of green financing stood at RMB428,105 million, up 33.89% from the end of the previous year. Balance of investments in green bonds was RMB23,114 million, and the amount of green bonds underwritten by the Bank was RMB6.85 billion. Throughout the year, projects supported by green credit saved around 13,979,200 tons of standard coal, and reduced emissions of around 31,517,600 tons of carbon dioxide equivalent. From July to December 2021, the Bank, backed by the carbon emission reduction support facility, granted a total of RMB20,546 million of carbon emission reduction loans to 196 projects, reducing about 3,834,400 tons of carbon dioxide equivalent annually. The Bank won the 2021 IFF Global Green Finance Award Innovation Award, and was honored as an Excellent Case of Green Finance by the Asian Financial Society, etc.



PSBC supported PV power projects to promote the transformation and development of the energy industry

**Strengthening top-level design.** Subject to review and approval of the Board of Directors, the Bank released the Outline of the 14<sup>th</sup> Five-Year Plan of Postal Savings Bank of China, which requires fully implementing the major decisions and plans of the CPC Central Committee and the State Council on achieving peak carbon emissions and carbon neutrality, and vigorously developing sustainable finance, green finance and climate financing. The Bank formulated the Action Plan of Postal Savings Bank of China for Achieving Peak Carbon Emissions and Carbon Neutrality, to steadily promote the work relating to peak carbon emissions and achieve carbon neutrality. According to the Action Plan, the Bank will strive to build itself into a domestic first-tier, inclusive, climate-friendly and eco-friendly bank by 2025; it will build itself into a "carbon peak" bank, achieve "carbon peak" in its operation, investment and financing, and build itself into a domestic first-tier green, inclusive, climate-friendly and eco-friendly bank by 2030; it will build itself into a "carbon neutrality" bank, achieve "carbon neutrality" in its operation, investment and financing, and build itself into an international first-tier green, inclusive, climate-friendly and eco-friendly bank by 2060.

As at the end of 2021

Balance of green loans

**RMB372,294 million**

Increase from the end of last year

**32.52%**

Balance of green financing

**RMB428,105 million**

Increase from the end of last year

**33.89%**

**Enhancing planning and leadership.** The Board of Directors and its Social Responsibility and Consumer Rights Protection Committee, and the Board of Supervisors of the Bank regularly listened to reports on the green bank construction and reviewed major decisions concerning the development of green finance, ESG and climate risk management. The Bank established the leading group for achieving peak carbon emissions and carbon neutrality and green finance, to make overall planning for and systematically advance the Bank's work relating to peak carbon emissions and achieve carbon neutrality. Every year, the Audit Office selects 12 branches and conducts green credit audit, as a measure to supervise their green bank construction.

**Improving the building of institutions.** The Bank actively explored the experience in the building of green financial institutions and established 10 institutions of green finance including carbon neutrality sub-branches, green sub-branches and green finance departments. PSBC Changpo Carbon Neutrality Sub-Branche was established in Gaozhou, Maoming City, Guangdong Province, PSBC Sanming Branch and Nanping Branch in Fujian Province set up green finance centers, PSBC Liuzhou Branch and Hezhou Branch in Guangxi Zhuang Autonomous Region established green finance departments, and PSBC Huzhou Branch in Zhejiang Province was named a Head Office-level demonstration bank of green finance transformation.

**Refining incentives and constraints.** The Bank increased resource allocation in terms of performance evaluation, credit line, economic capital, FTP, internal audit, etc. First, it included the indicators of green loan and green financing into the operation management performance evaluation of tier-1 branches and the balanced scorecard of relevant Head Office departments. Second, it increased resource allocation in terms of credit line, FTP, review & approval, etc. The Bank set a special line for green credit, and offered 15 bps discount in FTP to green loans and bonds serving Sannong, micro and small businesses and consumption. Third, it adopted differentiated economic capital measurement policies, lowering the economic capital adjustment coefficient for green finance business that meets regulatory standards such as green Sannong, green micro and small businesses, and green consumption, and raising the economic capital adjustment coefficient for industries with high energy consumption, high emissions or overcapacity. Fourth, it carried out special audit on green finance every year.

**Improving professional ability.** The Bank organized training on ESG and corporate governance among directors, supervisors, senior management and relevant department heads. A total of 15 training sessions on credit policy, ESG risks, energy conservation and emission reduction data estimation, green loan statistics, and other courses were held across the Bank online or via videoconferencing. Researches on topics like the low-carbon transition paths of commercial banks, and credit asset allocation and risk prevention of banks as China pursues the goal of carbon neutrality were conducted, and the monograph Research on Climate Financing of Commercial Banks was published, to improve the professional ability.

## Case Study

### Carbon neutrality sub-branch established

On October 29, 2021, PSBC Gaozhou Changpo Carbon Neutrality Sub-Branch was officially established in Guangdong Province.

Compared to general bank outlets, Gaozhou Changpo Carbon Neutrality Sub-Branch achieved “zero carbon emission” at its outlets through energy-saving renovations, and integrated green concepts into the building decoration and design, use of materials and daily operations, with the aim of creating a demonstration outlet of carbon neutrality. It has also launched a campaign to promote the policies on peaking carbon emissions and achieving carbon neutrality, to spread the idea of “green, low-carbon and environmentally-friendly” lifestyle and mobilize more social forces to participate in low-carbon development and environmental protection. At the same time, focusing on local investment and financing needs in developing green and low-carbon technologies, green production, green consumption and promoting rural revitalization, and by establishing the Green Finance Experience Center, it has actively promoted online products like “Speedy Micro Loan” and “Easy Small and Micro Loan”, provided online financial services for owners of micro and small businesses, and promoted online, digital and intelligent transformation and one-stop handling of products, services and procedures. By optimizing green credit allocation and actively exploring and improving innovative green finance products and services such as loans with pledge of carbon emission right, carbon sink indicators or income right from energy saving and emission reduction, it helped facilitate the coordinated development of economy, society and environment.



## Low-carbon development: practicing green finance

**Strengthening policy and system building.** PSBC optimized the guidelines on credit extension policy, added and strengthened contents about biodiversity protection and climate change, and channeled more financial resources to biodiversity and nature-based solutions. The Bank formulated a separate green finance and climate financing credit extension policy guide and included hydropower, wind power, PV power, garbage burning power, energy conservation & environmental protection, new energy vehicle, railway and rail transport industries into the encouraged category. It actively supported the green and low-carbon transition and development of traditional industries by meeting their reasonable financing needs. It firmly implemented the one-vote-veto system in environmental impact assessment, adopted the “zero tolerance” policy towards services, customers and projects that fail to meet environmental requirements, and resolutely refused to market, accept, review and approve such services, customers and projects. Moreover, it finalized the priorities in the building of a green bank and the integrated financial service plan for the goals of achieving peak carbon emissions and carbon neutrality for 2021, laying down the objectives, major tasks and supporting measures of the building of a green bank.

**Optimizing resource allocation.** PSBC implemented differentiated economic capital measurement policies for green finance, refined the economic capital management and evaluation system, and set a special credit line. It provided 15 bps discount in FTP for green loans and green bonds, opened a “green” channel for review and approval, intensified support for parallel operations, and supported the development of green finance. Meanwhile, the Bank actively applied for carbon emissions reduction facility and provided preferential interest rates for projects with outstanding carbon emissions reduction effect in key fields concerning carbon emissions reduction.

**Innovating in financial products.** PSBC invested in the green personal auto mortgage asset-backed securities in China, and underwrote the first sustainable development linked debt financing plan, the first carbon neutrality super short-term commercial paper, and the first “carbon neutrality” interbank debt financing instrument issued by a Beijing state-owned enterprise. In the meantime, the Bank promoted relevant financial products such as “Liang Shan Loan” and “Ecological Loan”. A green and low carbon themed credit card was launched to assist in green consumption. In addition, the Bank provided custody service for ESG funds under such themes as low carbon, green, environmental protection, CSR and corporate governance, to actively advocate sustainable development and responsible investment.



On December 25, 2021, the country's first GW-class offshore wind power project supported by PSBC Guangdong Branch – the Three Gorges Yangjiang Shapa Offshore Wind Farm, was fully connected to the grid for power generation

 Case Study

► First green personal auto mortgage-backed securities in China

In June 2021, PSBC invested in the first green personal auto mortgage-backed securities in China. All of the pooled underlying assets of the project are personal NEV loans, meeting the standards of green projects, and all funds raised will be used to issue NEV loans. It is a "dual green" product on both the asset end and the use end. The Bank's investment totaled approximately RMB0.24 billion, and the interest rate is 10 to 20 bps lower than those of comparable short-term financing bonds and medium-term notes. According to the independent assessment and certification report issued by the professional third-party assessment institution Lianhe Equator Environmental Impact Assessment Co., Ltd., the underlying assets and fundraising project are expected to reduce emissions of around 11,300 tons of carbon dioxide every year, 1.08 tons of inhalable particles and 34.17 tons of oxynitride, and save around 13,000 tons of standard coal every year.

► Restoring the ecosystem of a section of the Yangtze River shoreline

The Bank provided RMB0.5 billion credit to the Demonstration Project of the Most Beautiful Shoreline of the Yangtze River (Pengze Section) in Jiangxi Province. The project includes three "lucid waters and lush mountains" sub-projects, namely, ecological restoration of damaged mountains along the Yangtze River, comprehensive treatment of the sewage treatment plant system in the city proper, and sewage treatment in villages and towns. The project is of great significance to promoting the protection and sustainable development of the ecological environment in cities along the Yangtze River and the biodiversity of aquatic lives in the Yangtze River. After it is completed, the water quality of the waterways in Pengze and sources of water supply will be greatly improved, and it is expected to reduce sewage treatment cost by nearly 30% and increase the output of fishery and agricultural products by 10% to 20%, truly turning "lucid waters and lush mountains" into invaluable assets.

► Facilitating value realization of ecological products

With the guidance and support of the CPC Committee and government of Jingning County, Lishui City, Zhejiang Province, and the People's Bank of China Lishui Central Sub-Branch, PSBC Jingning Sub-Branch became the first to pilot the project of using finance to promote value realization of ecological products in Fuye Village, Dajun Town, driving mutual conversion and sound development between GEP and GDP via finance. "Liang Shan Loan" were combined with the local "Green Valley Point" to provide credit loan support for farmers; "Ecological Loan" could be guaranteed by property rights of natural resource assets; the ecological payment & settlement system represented by "Farmer Harvest Card" and "PSBC Pay" provided even more convenient services and greater benefits for business owners engaged in ecological products. As at the end of 2021, PSBC Zhejiang Lishui Branch's balance of "Liang Shan Loan" recorded RMB101 million, the balance of "Ecological Loan" was RMB2,196 million, and "PSBC Pay" users totaled 5,496, among which nearly 1,500 are vendors in the traceability system.

► Read more:



Green Finance Promotional Film  
Green Pioneer



PSBC Jiangxi Branch helped create the "most beautiful shoreline" of the Yangtze River  
(photo provided by the Most Beautiful Shoreline Office, Riverside Office of Jiujiang Development and Reform Commission)



## Efficiency and energy conservation: implementing green operation

PSBC deepened green operation. In 2020, based on the Head Office's operating status, the Bank revised and issued the Regulations on Energy Management of the Head Office of Postal Savings Bank of China (Revised Version in 2020), and in 2021 distributed the Notice on Ensuring the Management of Carbon Assets of the Head Office, the Notice on Conducting Self-inspection of Energy Use of the Head Office in 2020, and the Priorities in Energy Management of the Head Office in 2021, laying down the energy management objectives and requirements of the year. Meanwhile, the Bank participated in the 2021 Beijing Green Initiative jointly launched by Beijing Social Enterprise Quality Association, Beijing Energy Society and the Beijing Society for Environmental Science. The Bank completed the installation of energy-saving LED lights at the Head Office building, which is expected to save about 350,000 kWh of electricity in 2022.

In strengthening carbon emission management, the Head Office of the Bank has passed the energy conservation

target responsibility assessment organized by the Beijing Xicheng District Commission of Development and Reform for three years straight since 2019.

During the 14<sup>th</sup> Five-Year Plan period, the Bank will develop reasonable energy conservation and emission reduction targets and the action plan for achieving peak carbon emissions. According to national specifications such as the Technical Regulations for Green Renovation of Existing Buildings and the Evaluation Standard of Green Redevelopment of Existing Buildings, it will save building materials in line with the principle of adjusting measures to suit local conditions and promote innovation in materials. In the use of building materials, the Bank will first choose low carbon, energy-saving and environmentally-friendly materials and actively applies light panels, energy-saving glass doors and windows, effective thermal insulation materials, etc. It will accelerate energy conservation

transformation of the lighting system, and use voice-activated or intelligent lights, to cut power consumption. During the 14<sup>th</sup> Five-Year Plan period, the Bank will strive to complete installation of energy-saving LED lights in all office areas owned by the Bank.

According to the requirements of energy conservation, low carbon, comprehensive utilization and high-quality development, with the goal of improving its green development level, data centers of the Bank strengthened the green design, procurement and construction, introduced AI technology, continuously implemented green operation and maintenance and tapped energy-saving potentials through machine learning, energy efficiency model building and overall control, to strive to achieve maximum energy efficiency and minimum environmental impact and promote its sustained and healthy development. PSBC Hefei Data Center was awarded "National Green Data Center of

the Year 2020". In 2021, the Bank actively carried out redevelopment projects at data centers for energy conservation. It adopted a number of green energy conservation technologies and kept decreasing the average PUE (power usage effectiveness). In future, the Bank will carry out work related to data centers in accordance with national standards, vigorously practice green energy conservation and further improve the energy consumption performance.



## 2021 Environmental Performance Indicators<sup>1</sup>

### Environmental Performance

Unless otherwise stated, the environmental performance data herein covers the Head Office, headquarters of domestic tier-1 branches, institutions directly under tier-1 branches and majority-owned subsidiaries of Postal Savings Bank of China.

Emissions <sup>2</sup>	
SO <sub>2</sub> (ton) <sup>3</sup>	0.01
NO <sub>x</sub> (ton) <sup>4</sup>	0.12
Total GHG emissions (Scope 1 and Scope 2) (ton) <sup>5</sup>	179,529.31
GHG emissions per capita (Scope 1 and Scope 2) (ton/person)	5.33
GHG emissions per square meter of floor area (Scope 1 and Scope 2) (ton/m <sup>2</sup> )	0.12
Direct emissions (Scope 1) (ton)	
Emissions from use of fuel by vehicles	923.84
Emissions from use of diesel by facilities	54.55
Natural gas emissions	3,446.04
Indirect emissions (Scope 2) (ton)	
Emissions from purchased electricity	175,104.88
Total hazardous waste (ton) <sup>6</sup>	88.65
Hazardous waste per capita (ton/person)	0.0026
Hazardous waste per square meter of floor area (ton/m <sup>2</sup> )	0.00006
Total non-hazardous waste (ton) <sup>7</sup>	4,007.73
Non-hazardous waste per capita (ton/person)	0.12
Non-hazardous waste per square meter of floor area (ton/m <sup>2</sup> )	0.0028

Note:

1 The annual data covers the Head Office, headquarters of domestic tier-1 branches, institutions directly under tier-1 branches and majority-owned subsidiaries of Postal Savings Bank of China. In 2021, the COVID-19 pandemic was well controlled in China overall. With the resumption of work and production, GHG, energy consumption, water consumption, non-hazardous waste and other indicators gradually increased and returned to the normal emission and consumption levels.

2 As the emission data and consumption data of energy and resources in the machine room could not be measured separately, the Bank's GHG emission intensity, hazardous waste emission intensity, non-hazardous waste emission intensity, energy consumption intensity and the intensity of daily workplace water consumption calculated by per person and per square meter of gross floor area include both office areas and machine rooms.

3 SO<sub>2</sub> emissions were mainly from use of fuel by vehicles, which were calculated as per the Technical Guidelines for the Compilation of Air Pollutant Emission Inventories of Road Motor Vehicles (Trial) released by the Ministry of Environmental Protection of the People's Republic of China.

4 NO<sub>x</sub> emissions were mainly from use of fuel by vehicles, which were calculated as per the Technical Guidelines for the Compilation of Air Pollutant Emission Inventories of Road Motor Vehicles (Trial) released by the Ministry of Environmental Protection of the People's Republic of China.

5 GHG inventories contain carbon dioxide, methane and nitrous oxide, which were mainly from purchased electricity and fuel. GHG emissions are presented in terms of carbon dioxide equivalent, and calculated in accordance with the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories by the Intergovernmental Panel on Climate Change (IPCC) and Appendix 2: Reporting Guidance on Environmental KPIs in the Environmental, Social and Governance Reporting Guide by the Hong Kong Stock Exchange.

6 Hazardous waste involved in the operation of the Bank, most of which were waste lead-acid batteries, was disposed of by qualified professional enterprises.

7 Non-hazardous waste of the Bank, most of which were office waste and discarded hard disks, was disposed of by recyclers. Office waste of some institutions was disposed of by property companies of the office areas and could not be measured separately. The Bank made an estimation in line with the First National Survey of Pollution Sources Urban Living Source Pollution Coefficient Manual issued by the State Council.

Energy and resource consumption	
Total energy consumption (MWh) <sup>1</sup>	306,469.55
Energy consumption per capita (MWh/person)	9.10
Energy consumption per square meter of floor area (MWh/m <sup>2</sup> )	0.21
Direct energy consumption (MWh)	
Fuel consumption by vehicles <sup>2</sup>	3,687.51
Diesel consumption by facilities <sup>3</sup>	203.97
Natural gas	15,567.95
Indirect energy consumption (MWh)	
Purchased electricity <sup>4</sup>	287,010.13
Consumption of purchased electricity of the Head Office (MWh)	111,055.87
Office water consumption (ton) <sup>5</sup>	1,202,581.16
Office water consumption of the Head Office (ton) <sup>6</sup>	249,415.31
Office water consumption per capita (ton/person)	35.69
Office water consumption per square meter of floor area (ton/m <sup>2</sup> )	0.83

Note:

1 Calculation of total energy consumption was based on electricity power and fuel consumption and relevant conversion coefficients provided in the national standards of the General Rules for Calculation of Comprehensive Energy Consumption (GBT2589-2020), including purchased electricity, natural gas, fuel consumption by vehicles and diesel consumption by facilities.

2 Fuel consumption by vehicles includes gasoline and diesel consumption by vehicles.

3 Diesel consumption by facilities refers to diesel consumed by standby generators and a small number of stoves.

4 Purchased electricity consumption of the Head Office is the total power consumption of Beijing-based institutions of the Head Office, including the office areas at Jinding Mansion, Orient Asset Mansion, Xinseng Mansion, Dacheng Mansion, Jinyu Mansion, Ximeng Mansion, No. 72 Yard, Fengtai Road, Internet Finance Department of the Head Office, Software Research and Development Center of the Head Office, Nuode Mansion, Kunlun Center, New Era International Center, Yongfeng Industrial Base, Yizhuang and Wanshang Galaxy Mansion.

5 Office water consumption includes tap water and reclaimed water. Specifically, office water consumption of headquarters of Henan Branch, institutions directly under Beijing Branch, institutions directly under Shanghai Branch, institutions directly under Shanxi Branch, regional audit offices in Guangzhou and Shenyang, office area at the Software Research and Development Center in Suzhou, and PSBC Consumer Finance Co., Ltd. was controlled by the property companies of the office areas. The water fees were included in the property fees and the water consumption could not be measured separately. The Bank made an estimation as per the national standards of the Code for Design of Water Supply and Drainage in Buildings (GB50015-2019) issued by the Ministry of Housing and Urban-Rural Development of the People's Republic of China.

6 The office water consumption of the Head Office is the total water consumption of Beijing-based institutions of the Head Office, including the office areas at Jinding Mansion, Orient Asset Mansion, Xinseng Mansion, Dacheng Mansion, Jinyu Mansion, Ximeng Mansion, No. 72 Yard, Fengtai Road, Internet Finance Department of the Head Office, Software Research and Development Center of the Head Office, Nuode Mansion, Kunlun Center, New Era International Center, Yongfeng Industrial Base, Yizhuang and Wanshang Galaxy Mansion. The water fees of the office area at Xinseng Mansion were included in the property fees and the water consumption could not be measured separately. Since the water consumption data at Xinseng Mansion has little impact and is of little significance, it is not included.



# Responsibility Practice

绿色让生活更美好



GREEN WORLD, BETTER LIFE.

## Strengthening the foundation of the people's livelihood

Inclusive finance: supporting micro, small and medium-sized enterprises

Community contribution: improving people's well-being

Technology empowerment: building a financial ecosystem



## Inclusive finance: supporting micro, small and medium-sized enterprises

Micro, small and medium-sized enterprises (MSMEs) are sources to drive sustained and healthy economic development, as well as a powerful driving force to push forward the transformation and upgrading of the economic structure and an important support for stabilizing employment. Over the years, PSBC has been deeply involved in MSME finance. The Bank has deepened integration of finance with technology, continuously promoted supply-side structural reform of financial services, improved the capability and level of financial services for MSMEs, actively implemented the fee reduction and profit concession policy, and fully served MSMEs with development potential and vitality. Since 2019, the Bank has granted nearly RMB2.5 trillion inclusive loans to micro and small businesses. As at the end of 2021, the Bank's balance of inclusive loans to micro and small businesses recorded RMB960,602 million, with the proportion of which in the Bank's total loans ranking high among major state-owned banks, and the number of customers served by such loans exceeded 1.71 million. The Bank's financial services for micro and small businesses increased in quantity, expanded in coverage and improved in quality.

The 14<sup>th</sup> Five-Year Plan period is the first five years of the new journey of building a modern socialist country in all respects. While grounding its efforts in the new development stage, applying the new development philosophy, and fitting into the new framework for development, PSBC will deepen the financial services for MSMEs, enhance policy support and service support, and empower the financial services for MSMEs with technology. The Bank will continue to provide more online services for MSMEs, make them more intelligent, mobile and accessible, expand the service coverage, and offer efficient, flexible and convenient inclusive finance services.

Since 2019

Accumulated amount of inclusive loans to micro and small businesses

**Nearly RMB2.5 trillion**

As at the end of 2021

Balance of inclusive loans to micro and small businesses

**RMB960,602 million**

Number of customers served by such loans

**Over 1.71 million**

### ► Important progress in 2021

#### Strengthening system and mechanism guarantee

The Bank focused on the inclusive business strategy in corporate governance, defined the framework and implementation path of financial services for MSMEs, and improved the level of strategic guidance by refining the management structure. It introduced job responsibilities relating to inclusive finance into the job responsibilities of the Strategic Planning Committee of the Board of Directors, and established a work pattern in which the Strategic Planning Committee of the Board of Directors takes the lead, the Rural Revitalization and Inclusive Finance Management Committee makes overall planning, the Inclusive Finance Business Department (SME Finance Department) and the Sannong Finance Business Department (Rural Revitalization Finance Department) act as the main body, and various departments coordinate in the work, to fully support the development of inclusive finance business. The Bank issued the Plan of Postal Savings Bank of China for Improving the Capability in Serving Micro, Small and Medium-sized Enterprises, to strengthen the long-term mechanism to ensure loan officers "dare to, are willing to, are able to, and are capable to grant loans". It allocated more resources in terms of FTP, performance evaluation guidance, special award fee, income subsidy, credit policy, liability exemption based on duty performance, etc., to further stimulate the internal forces powering the development of credit business for small and micro-sized enterprises and improve professional service capability.



Credit account managers learned about the latest logistics and warehousing system introduced by small and micro-sized sci-tech enterprises on the spot



An oxygenator manufacturer that received credit support from PSBC Zhenjiang Branch of Jiangsu Province

#### Deepening the digital transformation of MSME finance

With digital transformation as the drive and risk prevention and safe development as the bottom line, PSBC continuously increased credit support for MSMEs. The Bank deepened the digital transformation of MSME finance, and built the “5D (Digital)” system that includes digital marketing system, digital product system, digital risk control system, digital operation model, and digital service mode. It went all out to solve the difficulties faced by micro and small businesses in financing and promoted mutual facilitation between the high-quality development of micro and small business finance and the Bank’s own high-quality development. With the help of digital, modeling and standardization technologies, the Bank continued to enrich featured digital products such as “Easy Small and Micro Loan” and “Speedy Micro Loan”, and connected to external data including taxation, invoice, government service, import & export and enterprise order data. Thirty-six tier-1 branches all realized direct bank-taxation connection. In the meantime, the Bank diversified online customer acquisition scenarios and integrated products with scenarios. It launched the “PSBC SMEs Partner Application” for mobile banking to provide “finance + scenario” one-stop services for micro and small businesses, taking a new step toward the building of an online-offline integrated inclusive finance ecosystem.

#### Founding the SME Institute

The Bank jointly initiated and founded the RUC National Institute of Small and Medium Enterprises with the Ministry of Industry and Information Technology and Renmin University of China. The founding ceremony was held at Renmin University of China on May 8, 2021. The Ministry of Industry and Information Technology, Renmin University of China and PSBC signed a cooperation agreement and held the first meeting of the Steering Committee of the Institute to discuss and review its working rules. Next, the Bank will continue to implement the policies of the CPC Central Committee, the State Council and regulators on supporting SMEs, and pool forces from government, enterprises and research institutes via the Institute, to jointly build a high-end think tank on SMEs and actively offer advice and suggestions on the preparation and implementation of relevant policies, making new achievements and new contributions to financial services for SMEs and the building of think tanks on SMEs.

#### Empowering MSMEs with professional services

Professionalism and dedication are the foundation for providing sound financial services for MSMEs. PSBC has continuously strengthened the foundation of sustainable development with consistent professional services, in an effort to provide MSMEs with financial services of higher quality. The Bank has built an inclusive finance team that can provide integrated, professional and dedicated financial services to MSMEs. So far, it has published 81 issues of Small and Micro-sized Enterprise Operating Index. Together with Renmin University of China and the newspaper Economic Daily, the Bank held the Third Forum on Development of Small and Micro-sized Economy and released the Report on the Innovation-oriented Development of Micro, Small and Medium-sized Enterprises, offering proposals on the innovation-oriented development of MSMEs. Moreover, the Bank actively participated in the preparation of the Specification of Digital and Online Service Modes of Inclusive Finance led by the Financial Consumer Protection Bureau of the PBOC, known as the financial industry standard, to create an even healthier and more dynamic policy environment for the digital development of inclusive finance.



#### Serving specialized and sophisticated SMEs that produce new and unique products

PSBC continued to increase financial support for specialized and sophisticated SMEs that produce new and unique products. Specifically, the Bank actively learned about their financing needs, strengthened the special policy support for such SMEs based on their characteristics of specialization, light assets and high growth potential, developed a dedicated rating model, and optimized the credit extension technology, providing strong financial support for those “little giants”. By connecting to external platforms and mobilizing internal resources to enhance the scope and depth of services, the Bank signed a strategic cooperation agreement with the National Equities Exchange and Quotations (“NEEQ”) and the Beijing Stock Exchange (“BSE”) to provide customers with a package of integrated financing services including foreign exchange settlement and sale, notes, local and foreign currency financing, listing board transfer, major assets restructuring, M&A, etc. Currently, the Bank serves over 1,000 national-level “little giants” that specialize in niche sectors from the industries of high-end equipment manufacturing, new materials, new-generation IT, new energy and biomedicine.



Account managers made a post-lending return visit to a textile enterprise


**Case Study**


**> Signing a strategic cooperation agreement with the NEEQ and BSE**

On December 10, 2021, PSBC signed a strategic cooperation agreement with NEEQ and BSE to better support the growth of innovation-oriented SMEs that specialize in niche sectors, serve the development of a multi-tiered capital market, and assist in the implementation of the national innovation-driven development strategy. The Bank will develop in-depth cooperation with NEEQ and BSE in enterprise cultivation, credit support, debt-equity combination financing, integrated financial services, technology finance, innovation research, etc. to jointly explore new paths and solutions to support MSMEs and develop inclusive finance.

**> Bringing tangible benefits through industry-finance collaboration**

Jiangxi Zhongke Green Agriculture Co., Ltd. is a municipal leading enterprise in Ruichang, Jiujiang City, Jiangxi Province. The enterprise integrates tea planting, production, processing and sales and produces featured products such as white tea, sasanqua, Lushan Yunwu tea and gold tea. The traditional tea industry has a long funds return cycle in the process from tea planting to sales. As the enterprise expands its business in recent years, the demand for working capital increases. When the enterprise upgraded its production line, it fell into financial straits.

Aware of the enterprise's situation, PSBC Jiujiang Ruichang Sub-Branch took the initiative to provide door-to-door service and formulated a credit extension plan. Since the enterprise lacked collateral, the Sub-Branch introduced a guarantee company to enhance credit, and rapidly granted a working capital loan of RMB1 million to the enterprise. It helped the enterprise to introduce automated and intelligent tea processing equipment, so that it could use new technologies and new equipment to improve the traditional tea processing process.

In the meantime, PSBC actively communicated with the Ministry of Industry and Information Technology and decided to take Ruichang City as a pilot area, to provide it with supportive policies and resources and facilitate the development of local micro and small enterprises. In addition, through collaboration between the Head Office and the Branch, PSBC Jiujiang Branch, Jiujiang Industry and Information Technology Bureau and Ruichang Municipal People's Government signed a strategic cooperation agreement on industry-finance collaboration. They will jointly launch a financing matchmaking service platform and serve the development of the real economy. In the next three years, PSBC will offer intentional financing support of RMB10 billion to key industries, green transformation and plant construction in parks, among other fields in Ruichang, in a bid to boost the high-quality development of Ruichang.



Account managers visited tea gardens to understand customer's financial needs

**> Providing more targeted services for MSMEs**

Based on the realities of the region, PSBC Xiamen Branch cooperated with governmental departments, credit information sharing platforms and technology companies to develop online financial products based on the application of cross-sectoral big data, thus using big data to enhance credit for MSMEs with the help of fintech means. By making use of such big data as customs clearance data of micro and small import & export companies, PSBC Xiamen Branch innovatively launched the "Easy Small and Micro Loan" cross-border enterprise financing mode, an online pure credit product aimed to meet the financing needs of micro and small import & export companies, and successfully promoted it in a number of branches in Jiangxi, Guangxi, Guangdong, Anhui, Shandong, Zhejiang, etc. In addition, based on the celoan.cn, PSBC Xiamen Branch developed Project Corporate Loan (formerly known as "Project Easy Loan"), the first financial service product using credit big data for the engineering industry in the country, which has transfused nearly RMB6 billion funds to micro and small enterprises in the engineering industry across the nation.

## Community contribution: improving people's well-being

PSBC refined traditional financial service modes, improved offline service channels, launched the optimization of customer journey in an intensive way, and implemented systematic transformation at outlets. In the meantime, the Bank took into full account the number of elderly customers and other groups and their demand for financial services, kept the total number of outlets relatively stable, and provided inclusive finance services to urban and rural customers including elderly people by relying on its deeply penetrating network.

PSBC strengthened care to special customer groups. The Bank opened "Priority Windows", added "Priority Seats", and intensified efforts to build barrier-free paths at outlets, to play its role as a service provider. In terms of extended services, the Bank enhanced the flexibility and "human touch" of financial services through service at the doorstep, remote service and other means on the basis of compliance.

PSBC provided agency collection, payment and various settlement services for individual customers. It offered agency social insurance premiums collection and payment services by virtue of the convenient settlement service at outlets. In 2021, social security pension collected on an agency basis amounted to RMB64,557 million. In the vast rural areas, the Bank supported the local social insurance and medical insurance programs relying on its great business presence. It collected RMB1,233 million premiums of the New Rural Endowment Insurance ("NREI") and paid reimbursement and subsidy funds of RMB297 million for the New Rural Cooperative Medical Service ("NRCMS"), both on an agency basis.

PSBC actively fulfilled customers' consumer financing needs, and strictly implemented national policies and regulatory requirements. The Bank gave major support to residents' reasonable demand for housing for personal use and for improving housing conditions, and made sure housing credit was issued in a stable and orderly manner and housing loans grew steadily on the whole, to maintain the stable and sound development of the real estate market. In terms of loan structure, the Bank adhered to targeted regulation and implemented policies suitable to local conditions, reasonably allocated credit resources, formulated and implemented differentiated credit policies, and took concrete actions to ensure financial risk control entities fulfilled their responsibilities. In terms of customer structure, the Bank implemented in depth the decisions and plans of the CPC Central Committee and the State Council, strictly put in place the requirement that "housing is for living in, not for speculation", and gave priority to supporting justified personal housing consumption. Loans to first-time homebuyers accounted for over 90% of the total, and average amount per loan was only some RMB430,000. While continuing to provide quality financial services to the real economy, the Bank promoted steady development of the personal housing loan business. As at the end of 2021, the Bank's balance of personal consumer loans recorded RMB2.67 trillion, up RMB302,930 million from the prior year-end.



As at the end of 2021

Balance of personal consumer loans

RMB2.67 trillion

Increase from the end of last year

RMB302,930 million

### Optimizing customer journey

In 2021, PSBC flexibly integrated the three-year action plan for improving customer experience into China Post Group Corporation Limited's campaign of "the Year of Improving Window Services". Starting with the whole process of customer service, the Bank revisited and optimized customer journey and comprehensively improved customer services. Meanwhile, the Bank stepped up efforts in the establishment of management rules by issuing the Management Measures for Customer Experience of Postal Savings Bank of China (2021) and Management Measures for Customer Journey of Postal Savings Bank of China (2021). By intensifying efforts in the comprehensive and intelligent transformation of outlets, the Bank delivered more considerate services at outlets, accelerated the pace of improving image and boosting efficiency of outlets, and improved the quality and efficiency of window services.

#### Improving interactive experience at outlets to stimulate new vitality

PSBC strengthened the building of a service team at outlets, enriched training forms, and increased training frequency, to facilitate the comprehensive development of outlet staff and improve their professional service capability. In addition, the Bank intensified outlet service management, optimized its closed-loop management mode with steps of "inspection – rectification – improvement", established the long-acting mechanism for rectifying outlet services in response to the complaints, and continued to enhance outlets' awareness of active service. In line with the principles of giving full attention, priority and assistance in a proactive manner, the Bank cared for special customer groups and delivered considerate services in all aspects. The Bank also awarded Service Models and built demonstration outlets of window services to give play to the role of models and to improve the customer experience at outlets across the Bank.

#### Accelerating technological empowerment to promote intelligent transformation of outlets

PSBC strengthened the building of transaction channels and improved the intelligent level of outlet channels. The Bank established the unified counter management platform, built a new intelligent counter operation model, optimized the layout of self-service equipment, and increased the proportion of intelligent equipment. Nearly 50,000 intelligent teller machines (ITM) have been installed at outlets and more than 240 functions have been realized. In addition, the Bank expanded the application of mobile business terminals used to conduct business by integrating functions, diversifying business scenarios and supporting outlets expanding service coverage.

#### Promoting coordination of online and offline resources and facilitating interconnection of channels

PSBC enhanced coordination of online and offline resources. It launched the online reservation and queuing function on mobile banking and WeChat banking, with which customers can make an appointment online and get a number on the queuing machine offline at the outlet, saving the waiting time on site. By using technologies such as QR code and e-voucher, the Bank allows customers to deposit and withdraw money from self-service equipment and obtain an e-voucher for banking services by scanning a QR code via mobile banking, providing cardless and paperless operating experience to customers. The Bank promoted the integration of offline channels. It developed and promoted the "mobile authorization" function, which provides authorization to the counter and self-service channel businesses using mobile business terminals, to improve service efficiency. The Bank also launched the bankbook money withdrawal reservation function. The integration of traditional cash equipment and intelligent non-cash devices has expanded the types of equipment dealing with the bankbook cash business, thus fully meeting customer's cash deposit and withdrawal needs.

### ► Helping elderly customers cross the “digital divide”

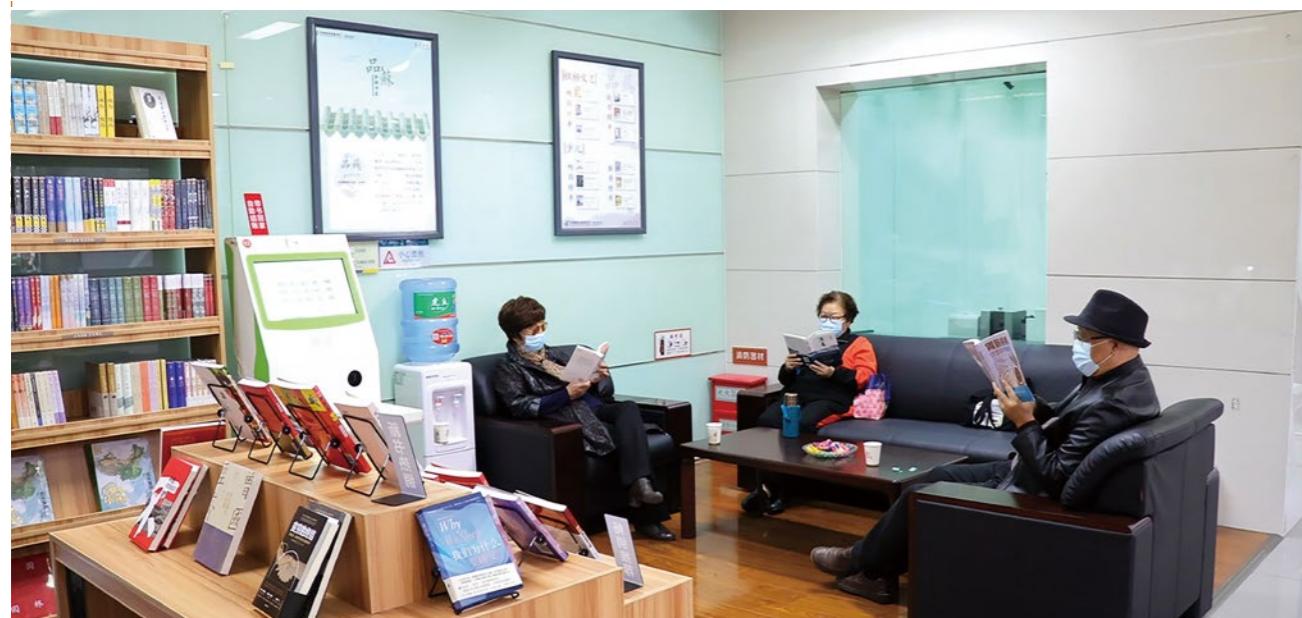
PSBC strictly carried out relevant national and regulatory requirements and upheld the concepts of innovatively combining traditional services with intelligent services and integrating their development. It made special arrangements to enhance the quality of elderly customer services, and made concrete and meticulous efforts in elderly-oriented services by strengthening traditional financial services, innovating elderly-specific financial products, enhancing education, communication, and training and other measures.

The Bank actively engaged in the building of a senior-friendly society. It selected more than 280 outlets with relatively more elderly customers across the nation, set up characteristic demonstration outlets of services for elderly customers and provided differentiated services in terms of service device, service passage, intelligent equipment, service procedure, financial education, etc., as well as featured services that show respect towards the elderly.

To make it convenient for elderly customers to use intelligent products and services, the Bank took the following measures. First, the Bank launched the “Dedicated Hotline for the Elderly”. Elderly customers of over 60 years old calling the hotline 95580 can skip the audio guide and button pressing procedures and directly reach a customer service representative. Second, new functions were launched on mobile banking to help elderly customers better enjoy intelligent services. The new video customer service can help elderly customers solve all kinds of problems in the “face-to-face” video form, simplifying service procedures; the “big font version” of online customer service representatives and remote customer managers newly launched on mobile banking can help elderly customers better use intelligent services; additionally, voice input is made available for elderly customers to relieve their difficulties in typing. Third, self-service devices were made friendlier to elderly customers. The big font version and the direct calling to reach customer service representatives were added, fingerprint signing service was piloted to replace signature signing, and the proportion of self-service equipment that offer bankbook related services was increased, fully meeting the use habits of elderly customers. Fourth, counter services for elderly customers were enriched to make it easier for the elderly to access emerging business. New functions such as cross-bank cash sweep, card linking for quick payment, money collection and contracting with mobile phone number, etc. were added, so elderly customers can easily open at outlets and later enjoy convenient payment and collection services. Moreover, the “face swiping” mode was introduced to the counter business procedures, addressing elderly customers’ special difficulties by replacing material media with face swiping.

The Bank held training sessions for outlet service management personnel, fully promoted the service principles of “giving full attention, priority and assistance in a proactive manner”, and urged the whole bank to cultivate and carry forward the traditional Chinese virtue of respecting the elderly. In the “Illegal Fundraising Prevention Awareness Month” and “6.29 National Anti-fraud Publicity” campaigns, the Bank intensified education among elderly customers and spread knowledge about risk cases and ways to defend financial rights in a language that is easy for the elderly to understand.

From September to December 2021, the Bank held the Second “Jin Hui (Golden Senior Year) Cup” photography contest of PSBC, which was open freely to customers of over 50 years old across the nation. While providing considerate services in non-financial scenarios for elderly customers, the Bank promoted a healthy social norm of helping the elderly live their later years in contentment.



Elderly customers read leisurely in the “Financial Library” at PSBC Suzhou Branch of Jiangsu Province



Employee at PSBC Xiangshan Sub-Branch communicated with a customer with hearing impairment via sign language

► [Read more:](#)



CCTV Topics in Focus  
Coverage on PSBC Xiangshan Sub-Branch  
Delivering Silent Warmth

### ► Case Study

#### ► Providing smart public services

PSBC vigorously promoted the development of open payment platform, intensified support to organizations concerning people’s livelihood such as social insurances, education and healthcare, improved industry service capability and personalized service efficiency, and built a smart public service ecosystem to meet the demand for diversified scenarios of urban and rural institutional and personal users.

Starting with user experience, for such scenarios as hospital fee collection and non-tax payment & collection, the Bank launched “Considerate Bill” in Anhui province, via which, by scanning an exclusive QR code, users can quickly pay their bills without entering bill number. When Henan province suffered flooding, the Bank quickly upgraded and launched online personal and corporate donation functions and the electronic donation certificate generation function, and provided exclusive services to over 10 local charity organizations. In the campus scenario, with the help of the biometric identification technology, the Bank developed the payment mode through which students can scan their face for payment and their parents can receive an instant message on such payments. The Bank also combined education and teaching management to provide integrated intelligent services.

#### ► Providing services in sign language for the disabled over a decade

PSBC Xiangshan Sub-Branch is located near Xiangshan Park, Haidian District in Beijing. In the surroundings of the outlet, there are five nursing homes and one rubber welfare factory, and within its service range, there are hundreds of people with visual, hearing or other impairment. As one of the only two bank outlets in the area, PSBC Xiangshan Sub-Branch assumes the work of distributing old-age pensions to elderly customers and people with disabilities.

To provide more considerate services to people with disabilities, in 2011, PSBC Xiangshan Sub-Branch started to provide services in sign language for customers with hearing impairment. Besides, for customers with visual impairment, in 2015 PSBC Xiangshan Sub-Branch especially laid a sidewalk for the blind during a renovation and set a “Green Window” exclusive for people with disabilities. Thanks to the quality service in sign language that PSBC Xiangshan Sub-Branch has been providing, customers with hearing impairment come to the outlet on the pension payment day every month, and also communicate with the staff face to face.

Over the years, PSBC Xiangshan Sub-Branch has provided considerate, convenient and professional characteristic financial services for customers. It has been widely praised by residents in the neighborhood and is affectionately acclaimed as a “Sign Language Bank”. In the past decade, over 100 new staff and rotational staff at the Sub-Branch have received sign language training.

## Technology empowerment: building a financial ecosystem

PSBC has attached great importance to technology empowerment, put forth effort to speed up IT application, and promoted digital transformation in depth. Since 2019 in particular, guided by its plans, the Bank has continuously improved its technology support capability. It has successfully executed the IT planning for the 13<sup>th</sup> Five-Year Plan period. In three years, the Bank carried out 680 projects, built 234 information systems, and basically set up an enterprise-level application architecture. It continued to improve IT governance and strengthen the building of the technology team. The Bank reformed the organizational structure, establishing three departments and two centers for IT at the Head Office (Information Technology Management Department, Financial Technology Innovation Department, Information Management Department, Software Research and Development Center, and Data Center) and adding software R&D sub-centers in Suzhou and Xi'an. In 2019 and 2020, members of the technology team at the Head Office doubled. The Bank adhered to being innovation-driven and continuously improved the level of technology empowerment. It spared no effort to promote innovative application of artificial intelligence, blockchain, cloud computing, big data, etc., deepen integration of technology with business and improve customer experience. It adhered to the bottom line thinking and took solid actions to prevent IT risk. It also conscientiously implemented the cybersecurity responsibility system and strengthened cybersecurity control capability.

With the joint efforts of all staff in both business and technology teams across the Bank, PSBC has improved quickly in technology capability and achieved significant effect on empowering business with technology. In terms of AI application, face and voiceprint recognition technologies were used over 1.5 million times per day for mobile banking and 95580. About 30,000 intelligent audits were done by intelligent image processing per day. The OCR technology was used to recognize 19 kinds of financial receipts, supporting the image recognition of nearly 4 million reimbursements throughout the year to reduce the pressure in financial audit. In terms of the application of cloud computing, an average of 506 million transactions of the Bank were conducted on cloud platforms on a daily basis, accounting for 90% of the Bank's total. In terms of blockchain application, there were around 3,025,900 electronic bills registered on the Bank's non-tax electronic bill blockchain of

Xiongan New Area. In terms of the application of big data, the Bank actively empowered rural revitalization and built the profile of agricultural and rural customers. In this process, the Bank reached approximately 449,600 administrative villages.

In 2021, with digital transformation as the main task and technology-powered high-quality development as the core, PSBC continuously deepened integration of technology with business and strengthened agile R&D and fast iteration, improving quickly in technology capability. First, the Bank strengthened top-level design. It developed the IT planning for the 14<sup>th</sup> Five-Year Plan period, pointing out the direction for establishing a first-rate technology support system, realizing technology-led development in all respects, and building a digital ecology bank. Second, the Bank fully promoted IT building. With ten project clusters and 74 key projects as the driver, it put into service 272 IT projects. The Bank also accelerated building an independent and controllable IT system. The proportions of independent R&D, independent platform application and agile R&D all rose by over 10 percentage points. Third, the Bank pushed forward with the innovation and application of technologies. Phase I of the machine learning platform, PSBC Brain, was fully brought online, covering more than 90 scenarios including operation management, credit business, financial management, etc. The blockchain platform was further optimized, introducing new functions such as consensus migration and multi-center disaster recovery, to strengthen the compatibility and convenience of the platform. The cloud platform was provided with container cloud management capability and the unified cloud management platform was put into service, realizing unified resource and whole-process standard management in the multi-cloud environment. The big data fundamental capability was further strengthened. The data of 138 source business systems were loaded onto the big data platform, and the data models on "ten themes" and six big data marts of the master warehouse system were refined, providing data support for more than 90 business systems and for financial and risk management.

In particular, in using big data to support rural revitalization, by combining internal and external data resources, the Bank established the basic farmer information database, further strengthening the agriculture-related data foundation. Based on that, it developed

Since 2019	
Number of projects carried out	Average daily transactions on cloud platform
<b>680</b>	<b>506 million</b>
Number of information systems built	Proportion of transactions conducted on cloud platform to the Bank's total transactions
<b>234</b>	<b>90%</b>

agriculture-related data foundation. Based on that, it developed the village-level credit assessment model with administrative villages as the unit, which further improved the efficiency of identifying creditworthy villages and users. The Bank built a precision portrait of administrative villages, to provide a complete picture of administrative villages from multiple dimensions, support the development of the rural credit system, preliminary credit extension for farmers, etc., assist in the building of the professional service system that serves rural revitalization, and improve the quality and efficiency of financial services for agricultural and rural customers. In terms of unified credit extension, using the knowledge graph technology, the Bank defined 26 relationships such as equity, guarantee and supply chain, and built the Bank-wide corporate customer relations network, to provide big data support for the Bank to offer precise, efficient credit extension services and improve customer service experience.

The Bank continued to strengthen business continuity management, refined the business continuity management system, organized and conducted business impact analysis and business continuity risk assessment. It also optimized the business continuity strategy and plan, the master contingency plan and special contingency plans for important businesses. The Bank, in an orderly manner, carried out emergency drills for important businesses such as deposit, payment, settlement, mobile banking, online banking and credit card, as well as disaster recovery switch, application, network and power drills of relevant information systems. Throughout the year, there was no significant operation interruption incident, no major information systemic failure or major information security hole, while information systems maintained high availability and effectively supported the

continuous operations of the Bank's important businesses.

Based on the 14<sup>th</sup> Five-Year Plan, the Bank accelerated the strategic layout of digital transformation, deepened technology empowerment, and laid down the IT planning for the 14<sup>th</sup> Five-Year Plan period. It developed brand new plans for business architecture, application architecture, technology architecture, data architecture, fintech and IT governance from the corporate perspective, and put forward the SPEED IT strategy, in which S represents smart and means leveraging "PSBC Brain" to build precision and intelligent business expansion, risk control and operation management capabilities and achieve efficient smart decision-making; P represents platform and means building a sharing and reusable platform model and achieving agile technology empowerment through the building of the platform; the first E represents experience and means creating ultimate integrated service experience for users by expanding online and offline multi-contact services; the second E represents ecosystem and means creating a symbiotic, win-win financial ecosystem by opening to and connecting with ecosystem partners; and D represents digitization and means deepening digital transformation to drive a revolution in the modes of production and operation across the Bank.

During the 14<sup>th</sup> Five-Year Plan period, the Bank will focus on the building of technology capabilities of scenario innovation, product R&D, risk control, data analysis, technology support, organizational governance, etc., and aims to achieve a profound transformation from IT application to digitization, strengthen and improve technology empowerment level, and provide strong technology support for digital transformation and high-quality development in five years.





A customer (left) experienced the payment with e-CNY under the guidance of PSBC Shenzhen Branch e-CNY pilot merchant (right)

### ► E-CNY

E-CNY is an important infrastructure to promote the development of digital economy of China. Under the guidance of the People's Bank of China, PSBC actively leveraged its resource advantages to steadily implement e-CNY R&D pilot projects and pursue high-quality development of e-CNY business.

**Through integration of technology with business and agile development, the Bank supported the R&D of the new experience architecture app.** It continued to refine the e-CNY product matrix, and launched over 230 e-CNY product function components to improve e-CNY payment service capability. It also established an efficient, intensive, safe and stable e-CNY service operation system, to fully support the operation continuity of e-CNY services.

**The Bank gave full play to its characteristics to create featured application scenarios.** It carried out activities like e-CNY Green Travel with partners. It actively responded to the call for rural revitalization, building demonstration towns of inclusive finance e-CNY in pilot regions such as Hainan, Xi'an, Dalian and Qingdao. It continued to explore innovation in scenarios and applied the hardware wallet, a card fitted with a digital display, in Shanghai for the first time, enabling payment in hospital scenarios. The Bank included the Health Kit function in the hardware wallet in Beijing, and was the first in Dalian to launch the e-CNY B2B corporate payment project in the shipping field.

**The Bank actively strengthened external cooperation to build the e-CNY ecosystem.** Through customized and personalized development, it provided enterprises with e-CNY service solutions with flexible fund management and efficient payment transactions and launched e-CNY payment scenarios at CNPC gas stations, CHN Energy e Mall, etc. In collaboration with Ping An Bank, the Bank provided e-CNY service via "direct connection" for the first time in the industry. It has signed an e-CNY service cooperation agreement with more than 60 banks. Moreover, it continued to deepen innovation in application scenarios in cooperation with quality payment institutions and service providers, to put forth effort to build the e-CNY ecosystem.

### ► Building “personalized” mobile banking for customers

Committed to providing diversified financial services, PSBC has continuously strengthened the management and support of services provided via electronic banking channels such as mobile banking, online banking, telephone banking and WeChat banking. During the reporting period, the Bank introduced such scenarios as philately, newspaper subscription and China Post Cultural Creativity, introduced the scenario-based functions of Wealth Management, Personalized Themes, Car Owners' Life, Tourism and Travel, Special Top-up Offers, etc. to improve customer services. In July 2021, centering on the direction of being "intelligent, personalized, open and safe", the Bank launched Version 7.0 of the mobile banking app. As at the end of 2021, electronic banking customers hit 381 million, of which personal online banking customers recorded 249 million and mobile banking customers 326 million. During the reporting period, transactions through personal electronic banking amounted to RMB31.47 trillion, up 13.41% year on year, of which the transaction amount via mobile banking was RMB13.04 trillion, up 16.85% year on year. The substitution ratio of electronic banking was 96.05%, up 0.36 percentage point from the prior year-end. The number of monthly active users (MAU) of mobile banking exceeded 47 million.

### ► Building a “dedicated” ecosystem for more outlets

Centering on the outlets, PSBC has vigorously promoted the building of the "concentric circles" financial ecosystem, actively established service scenarios such as Neighborhood Vegetable Market, Snacks Street, Commercial Pedestrian Street, etc., provided safe and convenient settlement products for merchants, and held rights and interests related activities which provide customers with special offers in daily consumption. These efforts have contributed to prosperity of business circles and economic growth through interaction between merchants and customers. Centering on customers and starting with meeting customers' digital operation needs, the Bank has created the new "acquiring + SaaS" model driven by "two wheels", namely, "bringing in" and "going out". Meanwhile, it has established the digital solution platform for industry scenarios, introduced digital solutions from quality industry service providers, achieved the "1+1>2" interconnection effect of internal and external systems, and created strong scenarios with high user stickiness. The Bank has established the "customer + product + service" concept, and deepened the promotion and application of digital solutions for the four industries of smart catering, smart retail, smart education and smart health care. It has leveraged the basic product capacity of the unified acquiring system to build standard full-coverage APIs, supporting the building of "PSBC Pay" scenarios across the Bank.

As at the end of 2021, the Bank completed the building of 4,120 outlet-based business circles, which cover over 50% of self-operated institutions and serve nearly 100 million customers. The Bank integrated business circle consumption scenarios and offered customized integrated financial services including loan and wealth management, providing a total of over RMB82.0 billion production and operation loans for merchants.

As at the end of 2021

Electronic banking customers

381 million

Personal online banking customers

249 million

Mobile banking customers

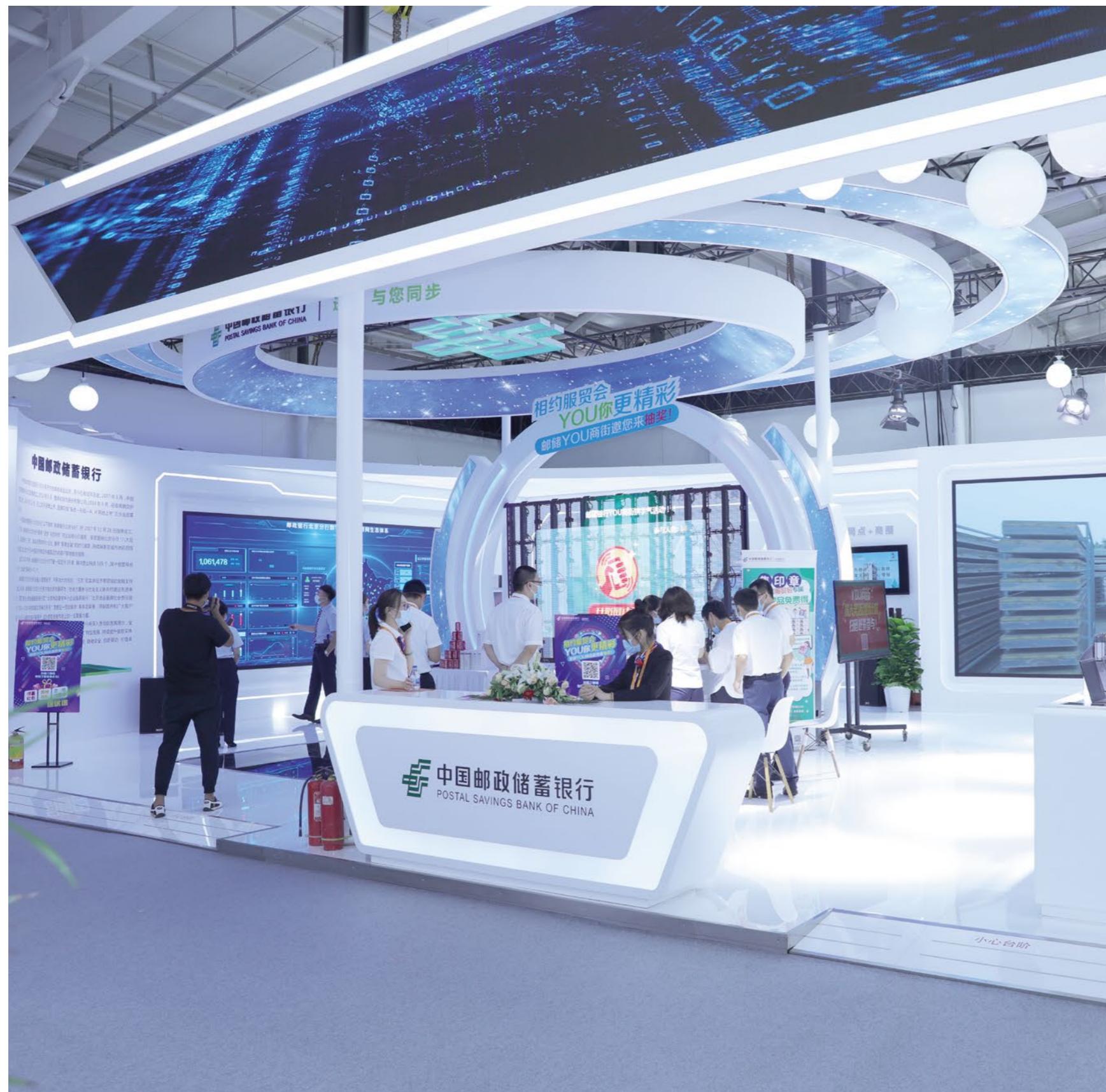
326 million

Substitution ratio of electronic banking

96.05%

Outlet-based business circles nationwide

4,120



PSBC participated in China International Fair for Trade in Services, bringing people with technology-based experience

► **YOU<sup>+</sup> Bank was approved for opening**

In December 2021, the CBIRC officially approved the opening of PSBC's direct banking subsidiary, YOU<sup>+</sup> Bank. The approval marks another solid step of the Bank on its path of exploring business cooperation between the parent bank and subsidiaries and deepening the reforms of systems and mechanisms. YOU<sup>+</sup> Bank studied national strategies in depth and actively implemented the Head Office's strategic plan of digital transformation. Guided by the 14<sup>th</sup> Five-Year Plan Outline of the Head Office and with a focus on the mission of "serving Sannong, assisting micro and small enterprises, and bringing benefits to the public", YOU<sup>+</sup> Bank is committed to creating an innovation platform that supports rural revitalization through financial services and helps build a better life through technology. Centering on the goal, YOU<sup>+</sup> Bank has followed the development strategy of being coordinated, connected and innovative, put forth effort to build advanced fintech and intelligent risk control capabilities, and actively promoted the collaborative building of the scenario ecosystem and the integration of online and offline channels. Solid progress has been made in the product development of four business platforms, namely, scenario-based finance, inclusive credit, public wealth management, and digital countryside.

2021 was a critical year for YOU<sup>+</sup> Bank in laying the foundation. It sped up work in corporate governance, talent introduction, technology support, risk control, etc., laying a solid foundation for provision of services in all respects. In future, YOU<sup>+</sup> Bank will adhere to the philosophy of prudent operation and stable development, continue to improve basic capabilities such as standard governance, market mechanism, agile teams, advanced technology, intelligent risk control, collaboration support, etc. and build itself into a technology-led light smart bank with distinct characteristics and high-quality development.

(Note: For more details about the section, please refer to the 2021 Annual Report of Postal Savings Bank of China Co., Ltd.)



**Case Study**

► **Actively participating in the 2021 China Cybersecurity Week**

PSBC actively participated in the 2021 China Cybersecurity Week. Centering on the theme of "Defending the Bottom Line of Financial Data Security and Promoting Comprehensive Application of Financial Data", the Bank presented its achievements in fintech development, network and data security protection, etc. via video, poster, on-site explanation, customer experience and other forms, to raise the security awareness of the public. Meanwhile, branches and sub-branches of the Bank carried out extensive publicity via various online and offline channels including outlets, communities, websites, apps, official social media accounts, etc. With these efforts, the Bank has further strengthened the security awareness of the general public of the prevention of financial fraud, and publicized the achievements in innovation in using fintech to protect personal financial information and maintain financial cybersecurity.



**邮惠万家银行**



# ► Responsibility Practice

綠色讓生活更美好

## Strengthening economic foundation

Original aspiration: serving the new development pattern

Region-specific services: promoting coordinated development of regions

Innovation-driven: promoting industry upgrading

GREEN WORLD, BETTER LIFE.

## Original aspiration: serving the new development pattern

PSBC strove to make new achievements and develop quality plans as China is implementing the strategy of opening up and promoting the development of the Belt and Road initiative. Focusing on serving Hainan Free Trade Port, free trade zones and the countries along the Belt and Road, the Bank developed such services as trade financing and supply chain finance, to support high-standard opening up. It launched international trade financing products for China International Trade Single Window, directly connected to the cross-border financial blockchain platform of the State Administration of Foreign Exchange, and upgraded the new-generation international settlement and credit business platform system and the agency treasury transaction system, to comprehensively improve the level of intelligent services for cross-border trade. Meanwhile, the Bank implemented targeted policies, continued to optimize differentiated credit extension policies, and fully leveraged its strengths in channels, customers and wholesale-retail integration to actively support new economy and new forms of business and contribute to domestic circulation.

As at the end of 2021, the balance of corporate loans stood at RMB2.25 trillion, up RMB276,151 million or 13.96% from the prior year-end. Corporate customers surpassed 1 million to reach approximately 1,151,400, with an annual increase of around 326,900.

### ➤ Supporting the development of Hainan Free Trade Port and free trade zones

Based on the positioning of the pilot free trade zones in different regions, PSBC actively promoted pilot projects. Centering on the needs of customers in trade, shipping, logistics & warehousing and strategic emerging industries, the Bank provided a package of financial services including account management, payroll service, international settlement, trade financing, supply chain and cross-border guarantee. A number of branches coordinated with each other to promote the business.

### ➤ Developing supply chain finance

Following the scenario-based, ecological and digital direction, PSBC, through model innovation and technology empowerment, engaged deeper into key industries, cultivated new drivers of industrial chains, and achieved multi-scenario, multi-industry, multi-channel and fast-process operation of supply chain finance services. The Bank connected to core enterprises and third-party platforms' information systems via various channels including direct bank-enterprise connection and corporate online banking, and made all relevant services available online on the online supply chain platform. The time to disburse funds via the online factoring service was reduced to "T + 2 hours".

Conforming to the development trends of fintech, the Bank actively promoted the online factoring business for large quality enterprises. Centering on core enterprises on the industrial chains of construction, high-end manufacturing, etc., the Bank provided financial services for upstream suppliers. Since most upstream suppliers are micro and small businesses, the Bank offered important fund support to solve the difficulties faced by micro and small businesses in accessing financing.

As at the end of 2021

Balance of corporate loans

**RMB2.25 trillion**

Increase from the end of last year

**RMB276,151 million**

Up from the end of last year

**13.96%**



### ➤ Supporting the development of the cultural tourism industry

Based on the operating characteristics of the cultural tourism industry, PSBC launched the "PSBC Tourism" solution, in an attempt to build a smart integrated services system for the cultural tourism industry. The Bank flexibly used traditional project financing products and characteristic credit products such as fixed-asset support loan and project front-end loan and actively adopted diversified financing modes such as short-term financing bonds, medium-term notes, corporate bonds and supply chain finance, to address customers' financing needs.

In the meantime, by providing smart integrated solutions for tourist attractions, the Bank established the closed-loop service system that covers tourist resource providers, tourist service providers, financial service providers and tourist consumers, built the service model of "savings + payment & settlement + credit + credit card + investment & wealth management + corporate business", actively created the "finance + cultural tourism" ecosystem that includes catering, accommodation, travel, tourism, shopping and entertainment, and achieved tracking throughout the whole process and services through the full lifecycle.

### ➤ Providing fast and efficient asset allocation service for customers

PSBC continued to apply fintech for empowerment, optimized the customer relations management system, strengthened digital customer operation, and promoted all channels to carry out integrated, differentiated services in a coordinated manner, to provide customers with accompanying services throughout the whole process. Based on customer needs in different family lifecycles, the Bank launched targeted scenario-based financial planning functions such as old-age support, children education, insurance, etc. in the personal wealth management system, and used technologies to empower wealth managers to develop personalized financial planning solutions intelligently and quickly. For mobile banking, the Bank launched the wealth analysis function to provide online wealth analysis and optimization advice for the general public. During the reporting period, it provided wealth analysis for roughly 1,052,900 customers and developed asset allocation plans for approximately 190,400 affluent customers.



## Region-specific services: promoting coordinated development of regions

Adhering to its original aspiration of serving the real economy through finance, PSBC aligned itself with high-quality development requirements, actively allocated financial resources, and provided strong fund support for national strategies such as the coordinated development of the Beijing-Tianjin-Hebei Region, the Yangtze River Economic Belt and the Guangdong-Hong Kong-Macao Greater Bay Area, actively supporting the coordinated development of regions.

**Serving the coordinated development of the Beijing-Tianjin-Hebei Region.** The Bank continuously intensified support to urban rail transit, cargo port, manufacturing, clean energy, and other sectors to assist in the development of the new-type capital economic circle. As at the end of 2021, the balance of corporate loans in the Beijing-Tianjin-Hebei Region recorded RMB213,098 million.

**Serving the development of the Guangdong-Hong Kong-Macao Greater Bay Area.** The Bank actively supported high-tech manufacturing industry, transportation, and other sectors to assist in the development of the Greater Bay Area. As at the end of 2021, the balance of corporate loans in the Greater Bay Area was RMB130,242 million.

**Serving the development of the Yangtze River Economic Belt.** With a focus on the fields of new energy, transportation and modern agriculture, the Bank actively participated in the Yangtze River Preservation Program, and involved deeply in the Ecological Restoration Project of the Yangtze River Economic Belt. The Bank established a dedicated project service team for Three Gorges Group Yangtze River Preservation Series Projects and provided financial services for a number of projects, to assist in the coordinated development of the Yangtze River Economic Belt. As at the end of 2021, the balance of corporate loans in the Yangtze River Economic Belt registered RMB583,074 million.

**Serving the integrated development in the Yangtze River Delta.** The Bank actively supported transportation, manufacturing, and other sectors and participated in the construction of intercity transportation projects such as the Yuexi-Huangshan Expressway, the Hangzhou-Qzhou Railway and the Wantong Intercity Railway, to assist in the interconnection of the Yangtze River Delta. As at the end of 2021, the balance of corporate loans in the Yangtze River Delta stood at RMB254,051 million.

**Serving the development of Xiongan New Area by assisting in infrastructure construction.** The Bank actively promoted cooperation in the building of a digital and intelligent Xiongan New Area, and driven by innovative development, it provided all-round integrated financial services for the development of Xiongan New Area. The Bank continued to deepen the “non-tax electronic receipt + blockchain” service and made innovation in important financial service scenarios in government affairs and fields concerning the people’s livelihood. In October 2021, the Bank launched the non-tax payment service with e-CNY in Xiongan New Area, becoming the first non-tax electronic receipt with e-CNY payment plus blockchain business in China.

As at the end of 2021

Balance of corporate loans in Beijing-Tianjin-Hebei region

RMB213,098 million

Balance of corporate loans in Guangdong-Hong Kong-Macao Greater Bay Area

RMB130,242 million

Balance of corporate loans in the Yangtze River Economic Belt region

RMB583,074 million

Balance of corporate loans in the Yangtze River Delta region

RMB254,051 million



Beiwujia Grand Bridge of Panxian-Xingyi Expressway supported by PSBC Guizhou Branch



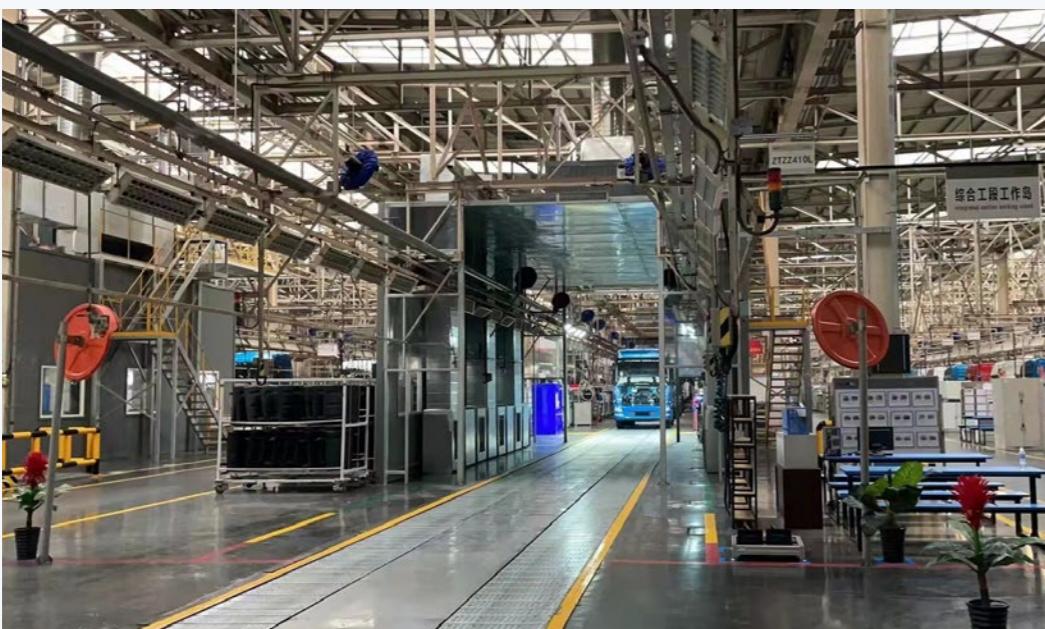
## Innovation-driven: promoting industry upgrading

PSBC implemented national strategies and policies for the manufacturing industry. Specifically, the Bank refined the long-acting mechanism for supporting the development of the manufacturing industry, stimulated the internal impetus of services for the high-quality development of the manufacturing industry, and continuously increased fund support for manufacturing enterprises pursuing green and low-carbon development, advanced manufacturing, strategic emerging industries and manufacturing enterprises that specialize in niche sectors. Meanwhile, the Bank assisted in the manufacturing industry in upgrading the industrial chain and making breakthroughs in core technologies, strengthened innovation in product and service mode, and improved the level of financial support for the high-quality development of the manufacturing industry. As at the end of 2021, the Bank's medium- and long-term loans to the manufacturing industry grew by 42.72% from the prior year-end.

### Case Study

#### Assisting in the development of the high-end manufacturing industry

The Daimler SFTP H6 High-end Heavy Truck Production Line Project is one of the major steps of Foton in cooperation with Daimler to establish a global innovation R&D Center and high-end intelligent manufacturing center in Huairou District, helping Beijing strengthen core competitiveness of high-end manufacturing. The total investment of the project is RMB8,575 million, and the total credit amount of syndicate is RMB5,169 million, of which our Bank's share is RMB1.0 billion, contributing financial strength to high-end manufacturing industry of the capital.



Picture: A manufacturing shop of Foton

#### Building the integrated financial service ecosystem for intelligent transportation

PSBC Zhejiang Branch participated in the digitization of Zhejiang province, strove to explore scenarios building, and continued to promote the intelligent transportation project. It provided comprehensive highway tolls settlement service including door-to-door collection, integrated payment and ETC settlement for 78 highway companies across the province, collecting nearly RMB50.0 billion in the year. Based on existing settlement channels, PSBC Zhejiang Branch actively developed services for intelligent transportation scenarios like parking lots and gas stations. In cooperation with Zhejiang Highway ETC Operation Service Co., Ltd. and a third-party technology company, the branch launched the first ETC parking lot in the province, which can serve 13 million car owners and realize payment of parking fees in a second via ETC. In addition, the branch established the intelligent mobility platform for car owners, "U Easy Trip", to build a new payment ecosystem of a series of services for car owners including parking, refueling, charging, maintenance, tourist attraction visiting, etc. and provide intelligent mobility services for ETC car owners.



PSBC account manager visited an emerging photovoltaic company to provide targeted financial services for technology-based small enterprises



# Responsibility Practice

綠色讓生活更美好



## Doing good to society

Talent development: growing with employees

Good faith: protecting customer rights and interests

Charity: participating in social welfare activities

GREEN WORLD, BETTER LIFE.



## ► Talent development: growing with employees

PSBC actively implemented the strategy of building a strong bank with talents. It strengthened the vocational development of employees, built a team of outstanding talents, improved the incentive and restraint mechanism, enhanced employees' sense of belonging and happiness, and stimulated their enthusiasm to do well.

### ► Strengthening employees' career development

PSBC attached great importance to employees' career development. The Bank set up a career development platform that enables "both vertical promotion and horizontal transfer", regularly offered opportunities for employees to get promoted, encouraged employees to choose a career development path that suits their aptitude, and fully stimulated employees' enthusiasm to do well.



**The Bank established the excellent talent reserve mechanism.** It continuously advanced development of the "Pilot Project". By leveraging the principal and deputy talent pools at tier-1 branches, division head talent pool at the Head Office and talent pools at various levels, the Bank used the career platform to stimulate employees' self-driven development and unleash their potential. As at the end of 2021, about 500 employees have been included in the senior management talent pool, about 4,500 in the medium-level management talent pool, and about 14,000 in the primary-level management talent pool.



**The Bank cultivated excellent young cadres.** It strengthened long-term planning, set the goal of cultivating young cadres, improved the full-chain mechanism for selecting, training and managing young cadre and let them fully display their abilities. By building the capability and quality model for young cadres, the Bank launched the "Steed" talent training program and established the young cadre reserve pool, providing sufficient cadre reserve and talent support for the reform and development of PSBC in the new era.



**The Bank improved the regulations on internal flow of personnel.** It set up the cross-department personnel flow platform at the Head Office level, to encourage employees to choose a post based on their specialties and career planning, thus matching personnel with posts and stimulating employees' inner impetus. The Bank continued the bilateral exchange of personnel between the Head Office and branches, to strengthen training of cadre and employees on different posts and enable employees at the Head Office and branches to learn from each other and achieve common progress. The Bank improved the mechanism for cadre exchange between branches, actively promoted exchange of cadres among tier-1 branches, and optimized the growth path of cadres.

### ► Building an excellent team

PSBC accelerated the reform of regulations and mechanisms on talent development and innovation in policies. In this process, the Bank gradually cultivated and built a team with a moderate scale, a reasonable structure and excellent quality, and established a talent development system that matches its strategy and is full of PSBC characteristics. The Bank steadily improved the quality of talents. The proportion of employees with a bachelor's degree or above across the Bank continued to increase, and over the past three years, it grew by 6.21 percentage points. In terms of leadership, it selected and trained leadership talents and let these high-caliber talents to take the lead, thus fully stimulating the creativity of talents. As at the end of 2021, the Bank appointed 18 Head Office-level IT leaders. In 2022, it will further expand leader building in the strategic business fields. It will continue to introduce excellent talents from across the world through market-based selection, with the focus on IT and intelligent risk control teams.

The Bank innovated in the way of publicity for talent recruitment to improve the brand image as an employer and the appeal to talents. It designed the recruitment publicity image IP, known as "You Xiao Chu" and launched Youth, Technology, Strategy, and Happy Life-themed online promotional videos for campus recruitment to show the Bank's corporate image and corporate culture that is optimistic, positive and full of vitality. Those videos had a viewership of nearly one million person-times and attracted 200,000 person-times to apply for its campus recruitment posts for 2022. In 2021, the Bank was listed among the Top 30 best employers in 2021, an event jointly initiated by Zhaopin and authoritative institutions such as the Institute of Social Survey, Peking University.



PSBC Shanghai Branch carried out the 3rd Employee Dragon Boat Competition themed "Always Follow the Party—Strive for the Best"

### ► Refining the incentive and restraint mechanism

In terms of remuneration and welfare management, PSBC continuously optimized the total remuneration distribution system, highlighted the benefit and value orientation, and improved labor cost efficiency. The Bank established and improved the performance-based remuneration distribution mechanism, advanced the building of the market-based incentive and restraint mechanism in an orderly manner, and gave priority to talents with outstanding contributions and frontline key posts in terms of remuneration allocation, to stimulate both cadre and employees' initiative. According to national policies, with the goal of improving employee satisfaction, the Bank continued to enrich the content and extend the scope of welfare management and optimize the welfare guarantee system, to enhance employees' sense of belonging. The Bank raised the ratio of enterprise annuity payment to strengthen employee welfare guarantee after retirement. It optimized the enterprise annuity investment management system and effectively realized preservation and increment of the value of annuity assets. It opened up the channel for employees to ask for information about enterprise annuity to strengthen information disclosure and improve annuity service support. Also, it further refined the medical security system with basic medical insurance, supplementary medical insurance and critical illness insurance as pillars, to reinforce the employee "security net" against major risks and truly address employees' worries.

In terms of performance management, the Bank established the unified employee performance management system. It focused on the performance and value creation orientation for performance evaluation, set behavior and capability evaluation indicators, and paid attention to employee growth and capability development. It linked performance evaluation results to renumeration distribution, career development, training, etc. Moreover, it strengthened closed-loop management of performance evaluation, and intensified performance coaching and communication to help employees improve performance and capabilities.

补充文字说明



## Good faith: protecting customer rights and interests

PSBC attached great importance to consumer protection. The Bank earnestly implemented regulatory requirements, kept up with changes in customer demand, incorporated protection of consumer rights and interests into corporate governance, business development strategies and corporate culture building, and regarded consumer protection as a task as important as business development.

### ► Improving consumer protection policies and mechanisms

PSBC kept perfecting the consumer protection system and established a consumer protection rule system with the Management Measures of Consumer Protection of Postal Savings Bank of China at the core, special rules for complaint handling, financial knowledge popularization, consumer rights protection valuation and consumer financial information protection as the foundation and relevant management rules as extension.

PSBC established a sound protection mechanism for consumer rights and interests, continuously improved the whole-process control mechanism, effectively implemented consumer protection requirements in all business links including product and service design & development, marketing and after-sales management, and continuously regulated operating behaviors, to protect financial consumers' rights and interests.

The Bank continuously strengthened the foundation for consumer protection, refined the working mechanism, and fulfilled its primary responsibilities. During the reporting period, the Bank further improved policies and regulations on consumer protection, formulated and implemented the provisions on compliance management of marketing & publicity of personal banking business, which has defined marketing and publicity responsibilities and working procedures, and laid down basic regulations on marketing and publicity of personal business. The Bank further improved the standards in review of consumer protection and formulated the Manual of Postal Savings Bank of China on Key Review Points for Protection of Consumer Rights and Interests (2021), to ensure that the key review points are standard and operable and give play to the role of ex-ante risk identification and prevention of reviewing.

### ► Optimizing training on consumer protection

PSBC actively organized and held training on protection of consumer rights and interests among management personnel, primary-level business personnel and new hires to improve the consumer protection awareness and working standards of institutions at all levels. The Bank further enriched the training resources on consumer protection, built an internal trainer team on consumer protection, and organized course development. It also summed up the key points, difficulties and skills of consumer protection related work, developed the courses of Consumer Protection Policies and Mechanisms, Complaint Handling and Management, Consumer Protection Review, and Marketing and Personal Information Protection, to provide support for the Bank's education on consumer protection.

### ► Strengthening consumer protection review

PSBC strictly implemented the working principle of "prevention first", further strengthened consumer protection review, and strictly put in place the review requirements on matters that may affect consumer rights such as business regulations, charges, contract text, marketing plans, etc.

The Bank required relevant business departments to strictly implement the ex-ante review requirements, specifically, to initiate a consumer protection review before a product or service is launched, before the fee pricing policy is implemented and before marketing and publicity is conducted, build a consumer protection module in the legal affairs system, realize online management of the whole process ranging from self-evaluation, submitting for review, review to feedback, etc., and strengthen support of information systems.

The Bank issued the Management Measures of Postal Savings Bank of China for Media Planning and Placement (Revised Version in 2021), which included the consumer protection review procedure into the management procedures for media planning and placement and defined department responsibilities, working standards and management procedures, to make sure consumer protection review involved in the management of media planning and placement is properly conducted.

### ► Strict performance evaluation of consumer protection

PSBC updated and refined evaluation indicators according to the latest regulatory requirements and the Bank's priorities of the year, to improve the pertinency of evaluation. During the reporting period, the Bank conducted a comprehensive evaluation on consumer protection at tier-1 branches and relevant departments of the Head Office, circulated a notice on problems found in the evaluation, and set requirements on future work, urging institutions at all levels to identify their own problems through evaluation and continue to improve the working standards of consumer protection.

### ► Protecting customers' personal information

PSBC strengthened publicity and education of regulations on protection of personal information. It organized learning of the Personal Information Protection Law across the Bank, issued a series of risk warnings about handling personal information using the face recognition technology, use of personal information of customers, etc., interpreted important provisions on the protection of personal information, put forward targeted work proposals, and guided institutions at all levels to implement new laws and regulations. The Bank organized and held training on protection of personal information, and systematically explained policies, regulations and specific provisions on protection of personal information to relevant consumer protection personnel across the Bank. It analyzed core issues concerning protection of personal information at commercial banks, emphasized the severe consequences of leaking personal information, and enhanced the awareness of protection of personal information across the Bank.

The Bank also organized benchmarking and improvement work for the protection of personal information. It attached great importance to the protection of customers' personal information, organized institutions at all levels to improve their regulations, agreements and systems related to personal information according to relevant laws and regulations, regulatory provisions and industry standards, and urged institutions across the Bank to establish the whole-process control system for protection of personal information, to prevent the risk of personal information leakage.



## ► Refining post-lending service

PSBC continued to improve the credit product system, met customers' diversified financing needs, and ensured customers' right to know and right to choose. It adjusted credit extension solutions to better align with customers' realities. It offered a diversity of loan terms and repayment methods, as well as loan products that can be used and repaid by customers any time they want. With these efforts, the Bank provided convenient services for customers to draw down and repay loans via online and offline channels.

## ► Customer complaint management

The Board of Directors of PSBC made the overall plan for and guided consumer protection work, heard work reports periodically, and continued to strengthen the guidance and supervision of the work related to consumer protection and complaint management. In 2021, the Bank continued to refine complaint management policies and regulations, further improved complaint channels, and optimized complaint handling procedures, to raise the whole-process complaint control and management level. During the reporting period, the Bank received approximately 440,100 complaints from customers with an average of 11.11 complaints per outlet or 6.91 per 10,000 personal customers, which are mainly related to debit card, credit card, functional services, call service, agency sales of insurance products, and are mostly from Henan, Guangdong, Shandong, Jiangsu, Hubei, Hebei. Customer satisfaction with the handling of complaints was 96.33%, and complaint settlement ratio was 99.91%. (The complaint statistics standards may vary from bank to bank, the number of complaints recorded by the Bank may not be used to compare with those of other banks.)

The Bank regularly conducted systematic analysis of complaints from financial consumers, organized institutions at all levels to analyze in depth and rectify problems in regulations, procedures, systems and management raised in customer complaints. The Bank focused on complaints that are of great concern and difficult to solve, and raised the service quality by addressing problems emerging from customer complaints.



PSBC promoted financial knowledge at outlets

## ► Education on financial knowledge

PSBC issued the work plan for education and publicity of financial knowledge at the beginning of 2021, making an overall plan for publicity activities throughout the year and defining publicity objectives, contents and schedule. Besides the activities organized by regulators, the Bank formulated the plan for self-conducted publicity activities including education on basic knowledge about wealth management, education on insurance knowledge, education on knowledge of video and audio recording at the sales section. It focused on the financial knowledge needs of major groups such as the young and the old, and helped create a sound financial consumption environment.

PSBC intensified efforts in publicity and education on financial knowledge, carrying out all-round, multi-perspective, broad-coverage education on financial knowledge. It organized institutions at all levels to implement in depth various education campaigns including "3.15 Consumer Rights and Interests Protection Education and Publicity Week" "Protect Your Pockets with Financial Knowledge" "Journey for Financial Knowledge" "Illegal Fundraising Prevention Publicity Month" "Prevent Cross-border Gambling in Payment & Settlement Service and Telecommunication Network Fraud" "Security Publicity Month" "Personal Credit Investigation Publicity", etc. Meanwhile, the Bank continuously enriched the form of publicity and innovated in the content. It carried out education and publicity activities in multiple ways such as "online + offline" and "concentration + expansion" to improve the pertinency and effectiveness of these activities. On the basis of strengthening education and publicity among key groups, the Bank strove to expand the range of target audience and extend the influence of the activities, reaching a total of 175 million people. The Bank also increased consumers' knowledge of financial products and services and raised their awareness of risk prevention. The Bank was awarded the "Excellent Organizer of Joint Financial Education and Publicity Activities in 2021" by the Financial Rights Protection Bureau of the CBIRC.



PSBC Urumchi Branch of Xinjiang Uygur Autonomous Region popularized financial knowledge in communities

## ► Case Study

### ► Carrying out online and offline investor education

In 2021, the Bank held the First Wealth Management Festival and carried out relevant online activities including "Bullish Product Selection" "Wealth Island" and "Wealth Kit". On the official WeChat account, the Bank launched the program "Wealth Consultant Lecture" and continued to send push notifications on investment education about assets in major categories, funds, insurance allocation ideas, etc. The Bank built wealth management awareness among customers, and cultivated the science-based investment philosophy among them via diversified investor education activities.

The Bank fully launched the "Sail Toward a Better Life" program. In 2021, the Bank held the investor education activity of "Weekly Wealth Management Lecture" in nearly 40,000 outlets in urban and rural areas. With a focus on long-term equity fund investment and insurance planning, the Bank helped customers develop a sensible and long-term investment philosophy, and be insured against serious illness, accident and old age, which is crucial for customers to live a better life.



Offline "Investor Education Summit" for high-end investor customers

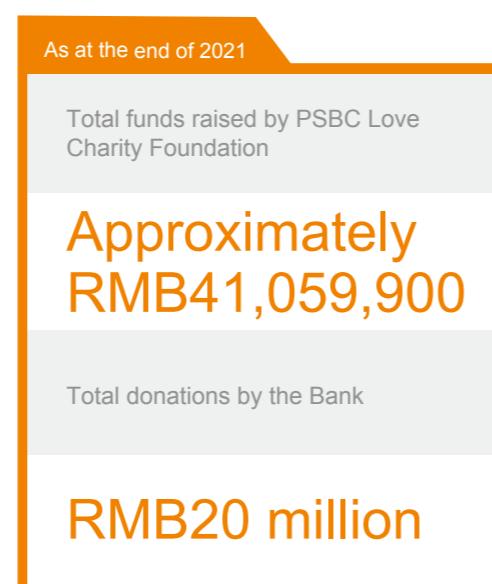


PSBC launched the PSBC Love Public Welfare Walking Activity themed "Looking Back on the Past Century and Forging Ahead" on March 20 in Baise, Guangxi Zhuang Autonomous Region

## Charity: participating in social welfare activities

PSBC actively participated in social welfare activities and philanthropy. The Bank supported education, helped the poor and those in difficulty, provided neighborhood services based on PSBC Love Post, and protected biodiversity through volunteer services in various forms, bringing warmth to more people while demonstrating the volunteer spirit.

In 2021, the Bank continued to conduct the PSBC Love Charity Program, with the cooperation scope further expanded. PSBC Love Classes of Self-Commitment continued to provide funds for students, granting each student from these classes RMB2,000 tuition a year. PSBC Love Scholarship granted each of 892 senior high school graduates from low-income families a lump-sum RMB2,000 graduation scholarship. The new PSBC Love Caring Package program donated customized packages worth RMB1 million to 10,000 elementary school students in rural areas of Lankao County, Henan Province. The new PE Classroom Donation program donated a PE classroom for Chengjiapu Junior Middle School at Lintao County, Gansu Province. As at the end of 2021, the PSBC Love Charity Program provided support for more than 18,000 students. The PSBC Love Charity Foundation raised a fund of approximately RMB41,059,900, of which RMB20 million were donated by the Bank in its own name.



## Case Study

### > Fully supporting flood control and disaster relief

In 2021, heavy rainfalls battered many parts of Henan Province. While ensuring proper flood control of its own institutions, the Bank gave full support to flood control and disaster relief of the province and helped Henan people tide through the difficult time together. The Bank donated RMB20 million to support local disaster relief and post-disaster reconstruction. In the meantime, it quickly rolled out measures and acted both online and offline to ensure provision of basic financial services, fulfilling its responsibilities as a major state-owned bank.

### > "One Eco-friendly Bag" public welfare activity

PSBC Shenzhen Branch, in cooperation with the media, launched the "One Eco-friendly Bag" marine public welfare activity across Shenzhen. Based on the images of three marine creatures, black-faced spoonbill, whale and pagurian, the Branch designed three kinds of biodegradable eco-friendly bags and showed the beauty of the sea with a simple slogan and cartoons on the bag.

PSBC Shenzhen Branch placed nearly 40,000 eco-friendly bags at outlets and Shenzhen's volunteer service stations, U Stations, across the city. Citizens can get a well-made eco-friendly bag by scanning the QR code of the activity and completing a simple online interactive game about environmental protection. The fun activity combined with knowledge increased citizens' knowledge about marine conservation and also enhanced their awareness of marine protection.

① PSBC Party members volunteered to assist in pandemic control and organized citizens to conduct nucleic acid testing in an orderly manner

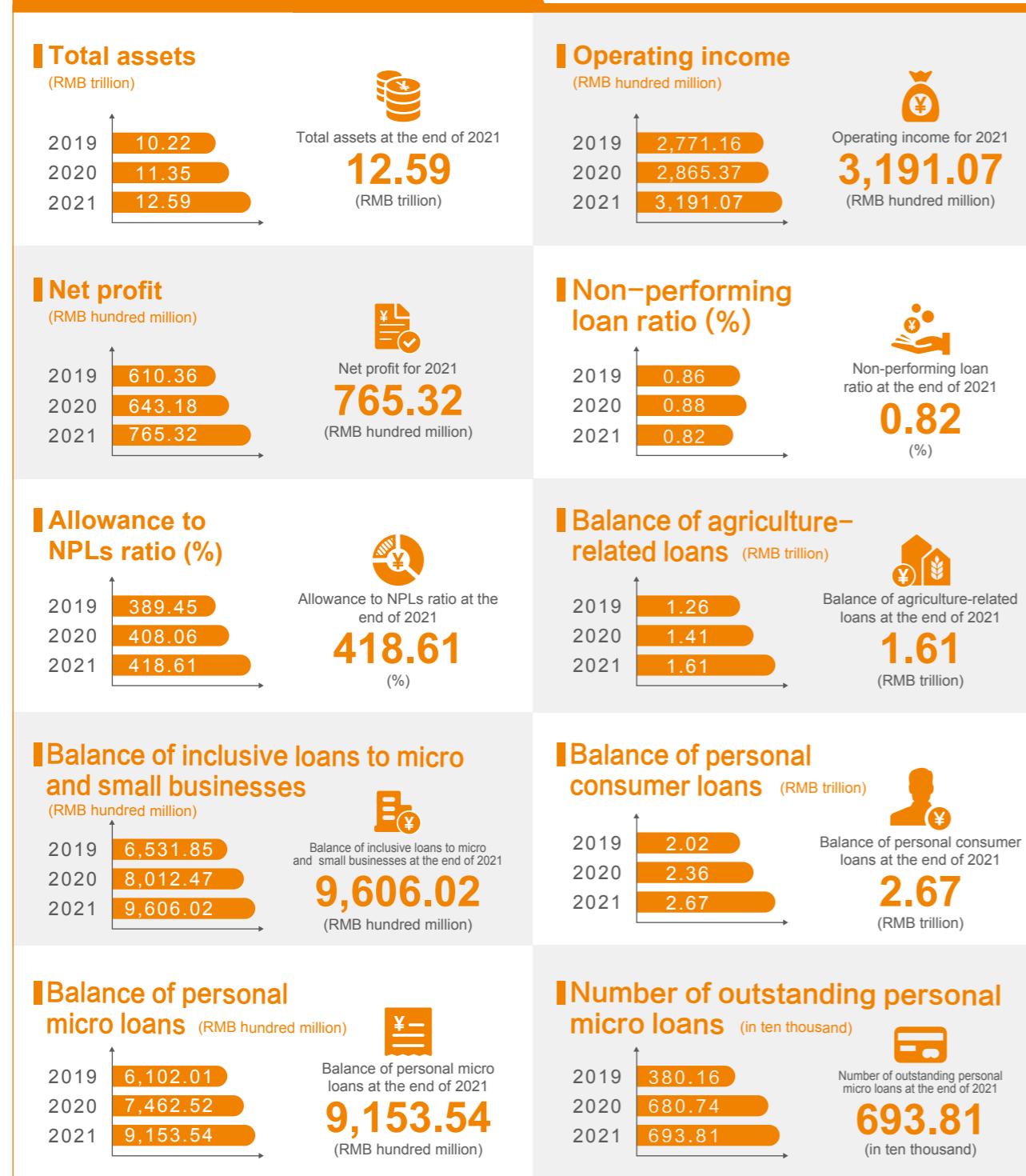
② PSBC Zhejiang Branch set up the PSBC Love Post to serve outdoor workers, care for special groups and popularize financial knowledge, in an effort to build a bank with considerate services for customers

③ PSBC Jiangxi Branch organized voluntary blood donation activities

④ PSBC Zoucheng Sub-Branche of Jining City, Shandong Province established an "audio library" at the outlet  
Picture: Lobby manager at the outlet guided a customer to scan the QR code and select books

# CSR Data

## Economic Performance



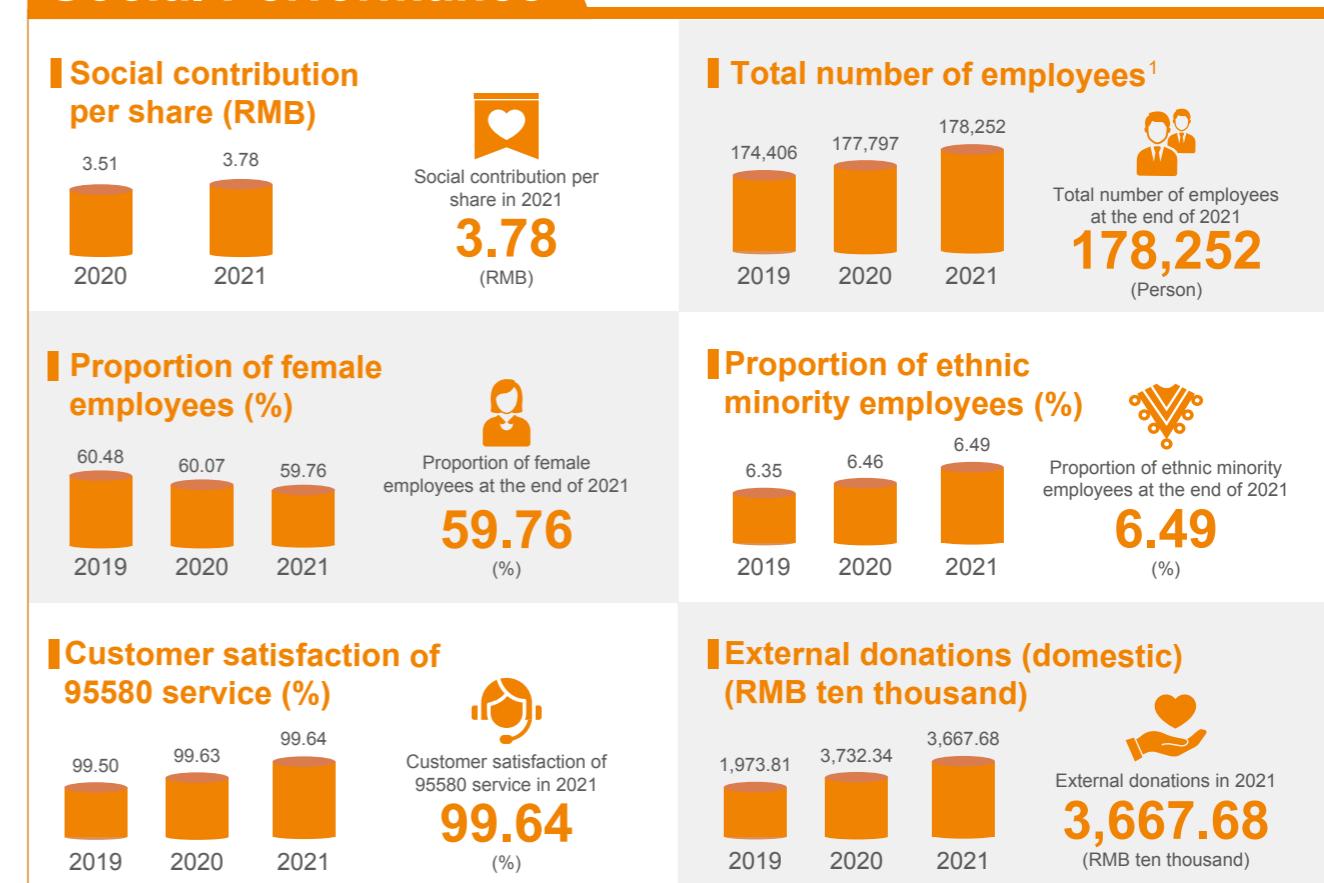
## Environmental Performance

Indicator	2019	2020	2021
Balance of green loans (RMB hundred million)	2,157.78	2,809.36	3,722.94
Substitution ratio of electronic banking (%)	92.44	95.69	96.05

 Balance of green loans at the end of 2021 **3,722.94** (RMB hundred million)

 Substitution ratio of electronic banking in 2021 **96.05** (%)

## Social Performance



Note: 1.The total number of employees refers to the contracted employees (including 1,377 employees in majority-owned subsidiaries) of the Bank, and there were 15,694 dispatched employees.

## Social Recognition



Ranked 39<sup>th</sup>

The Banker (UK)  
Ranked 39<sup>th</sup> in Top 1000  
World Banks in 2016  
(in terms of tier 1 capital at the end of 2015)

2016

Ranked 22<sup>nd</sup>

The Banker (UK)  
Ranked 22<sup>nd</sup> in Top 1000  
World Banks in 2019  
(in terms of tier 1 capital at the end of 2018)

2019

Ranked 15<sup>th</sup>

The Banker (UK)  
Ranked 15<sup>th</sup> in Top 1000  
World Banks in 2021  
(in terms of tier 1 capital at the end of 2020)

2021



Ranked 28<sup>th</sup>

Ranked 28<sup>th</sup> in Forbes' Global 2000 – the World's 2000 Largest Public Companies in 2021



Ranked 38<sup>th</sup>

Ranked 38<sup>th</sup> in Fortune China's List of China Top 500 Companies (in terms of operating income in 2020)



Ranked 133<sup>rd</sup>

Ranked 133<sup>rd</sup> in the World's Top 500 Most Valuable Brands



Rated A

Rated A in MSCI ESG Ratings

Awards and Honors	Institutions
National Advanced Unit of Law Popularization	Publicity Department of the Communist Party of China, Ministry of Justice, the national office for law popularization
Advanced Organization in building exemplary institutions of Central CPC and Government Organs	Work Committee of CPC Central Committee and Government Organs
Advanced Primary-Level Party Organization of CPC Central Committee and Government Organs	Work Committee of CPC Central Committee and Government Organs
Financial Technology Development Award of the Year	The People's Bank of China
Excellent Organizer in Joint Financial Literacy and Education Campaign	Financial Rights Protection Bureau of the CBIRC
Market Influence Award of the Year	National Interbank Funding Center
Advanced Organization for Green Bank Evaluation of the Year	China Banking Association
Bond Market Leader Institution of the Year	China Central Depository & Clearing Co., Ltd.
Outstanding Dealer (Bank)	Shanghai Commercial Paper Exchange Corporation Ltd.
Award for Outstanding Contribution to the Co-Building of Acceptance Environment	China UnionPay
IFF Global Green Finance Award Innovation Award	The International Financial Forum (IFF)
Excellent Case of Financial Services for Micro, Small and Medium-sized Enterprises	Organizing Committee of China SME Investment & Financing Expo
Demonstration Case of Facilitating Rural Revitalization in the Financial Industry at the Beginning of the 14 <sup>th</sup> Five-Year Plan Period	Liaowang Think Tank
Best Consumer Bank	Global Finance
Outstanding Leadership in Green Loans of Asia-Pacific	Global Finance
Best Investor Relations Award	China Financial Market
Best Investment Value Award	China Financial Market
Most Valuable Listed Company	Hong Kong Ta Kung Wen Wei Media Group
Best Listed Company for ESG Practices	Hong Kong Ta Kung Wen Wei Media Group
Demonstration Institution of Financial Services for Rural Revitalization of the Year	Hong Kong Commercial Daily
Outstanding Contribution Award for Technology Empowerment of Financial Business Development	Financial Computerizing
Outstanding Contribution Award for Information Security in the Financial Industry	Financial Computerizing
Top 10 Intelligent Risk Management Innovation Award	The Chinese Banker
Best Inclusive Financial Services Bank of the Year	Financial News
Top 10 Socially Responsible Organizations of the Year	China Banking and Insurance News
The Gamma Award for High-Quality Development Bank of the Year	Securities Times
The Gamma Award for Golden Bank Brand of the Year	Securities Times
Golden Bull Award for Bank Wealth Management Products	China Securities Journal
Sustainable Development Benefits Award	Caijing Magazine
Asian Excellent Commercial Bank of the Year	21 <sup>st</sup> Century Business Herald
Technology Bank of the Year	21 <sup>st</sup> Century Business Herald
Best Risk Control and Wealth Management Bank	China Business News
Digital Operation Bank of the Year	China Times
Outstanding Major State-owned Commercial Bank of the Year	China.com.cn
Carbon Finance Pioneer of the Year	The Paper
Outstanding Risk Control and Management Award	JRJ.com
Top 30 Employers of the Year	Zhaopin and the Institute of Social Science Survey of Peking University



# ESG Disclosure<sup>1</sup>

## Governance

### ► Corporate governance

PSBC always upholds the Party's leadership, and through continuous optimization of the operation of corporate governance, it has provided strong guarantee for the Bank to further strengthen CSR (ESG) management and fully fulfill its responsibilities as a major state-owned bank.

The Board of Directors of the Bank attached great importance to ESG building, explored the integration of the ESG concept into the Bank's development strategy, governance structure, corporate culture and business process, put focus on advancing green bank building, inclusive finance and consumer protection, and actively fulfilled responsibilities as a major state-owned bank.

The Social Responsibility and Consumer Rights Protection Committee of the Board of Directors is primarily responsible for the following: drafting social responsibility and consumer rights protection strategies, policies and objectives commensurate with the Bank's development strategy and actual situation, and submitting them to the Board of Directors for approval before implementation; drafting the Bank's basic management rules for social responsibility and consumer rights protection, and submitting them to the Board of Directors for approval before implementation; supervising, inspecting and assessing the implementation and effect of the Bank's strategies, policies, objectives and basic management rules for social responsibility and consumer rights protection, and putting forward suggestions to the Board of Directors; and reviewing the credit extension policies related to environment and sustainable development and putting forward suggestions to the Board of Directors.

During the reporting period, the Board of Directors reviewed the Outline of the 14<sup>th</sup> Five-Year Plan of Postal Savings Bank of China, fully implemented major decisions and plans of the Central Committee and State Council on reaching peak carbon emissions and achieving carbon neutrality, vigorously developed sustainable finance, green finance and climate financing and made effort to build a first-tier green inclusive bank and a climate-friendly bank; perfected corporate governance and incentive & constraint mechanisms, continuously stepped up information disclosure and exchanges with capital market, and optimized the equity management system. The meetings of the Board of Directors and its Social Responsibility and Consumer Rights Protection Committee reviewed eight proposals including external donations, the annual work report of green bank building, the annual CSR (Environmental, Social, Governance) report, and the annual work report and plan on consumer rights protection. They provided important guidance for the Bank in actively fulfilling social responsibilities, building a green bank and improving consumer rights protection performance and laid a solid foundation for the Bank to further strengthen ESG building. The Board of Directors and its Strategic Planning Committee reviewed the topics about the implementation of inclusive finance policies in 2020, the 2021 development plan, support for micro and small businesses, implementation of inclusive finance policies and support

for rural revitalization, effectively put in place relevant policies on inclusive finance, and promoted the high-quality development of the inclusive finance business of the Bank. They reviewed the topics about implementing the Corporate Governance Standards for Banking and Insurance Institutions and corporate governance, comprehensively implemented corporate governance requirements and continuously promoted corporate governance.

Meanwhile, directors heard special reports on the priorities of the Bank such as green finance and consumer rights protection from the management, actively participated in training on "peaking carbon emissions and achieving carbon neutrality", corporate governance of commercial bank and comprehensive risk management and gave many professional opinions and advice on how to vigorously develop green finance and climate financing, strengthen consumer rights protection, and promote ESG work by proceeding from the goal of achieving peak carbon emissions and carbon neutrality.

### Information disclosure

During the reporting period, PSBC strictly abided by laws and regulations and the local regulatory rules and requirements of the places where its shares are listed, and disclosed information in a true, accurate, complete, timely and fair manner. Adhering to the principle of providing "clear, concise and easy to understand" information, the Bank continued to optimize the content disclosed in reports and innovated in the form of disclosure. By improving the layout design, applying colors, and presenting the information in forms of key data graphs, videos and QR codes of relevant business, the Bank optimized readers' experience. Meanwhile, centering on hot topics in the market and among investors, the Bank expanded the scope and depth of voluntary information disclosure, and improved the readability of reports, protecting the rights and interests of shareholders, especially minority shareholders, and improving the transparency of the company.

Moreover, according to the latest regulatory policies, the Bank comprehensively revised relevant management measures for information disclosure and improved its policies and regulations. By conducting training on information disclosure, defining the reporting scope of major events and quantification standard, etc., the Bank strengthened management of information disclosure and inside information and further enhanced all employees' compliance awareness of taking on the primary responsibilities for information disclosure. Also, the Bank established and put into use the information disclosure system, adjusted and optimized information disclosure procedures based on practices, and continuously strengthened the implementation of relevant rules and regulations on information disclosure.

The Bank was rated A (Excellent) by the Shanghai Stock Exchange in its evaluation on information disclosure work of listed companies for 2020-2021.

Note: 1. ESG disclosure and reporting principles are as follows. Importance: The Bank understood the appeals and expectations of stakeholders through meeting, questionnaire survey and other means and determined its report priorities in line with its strategies and development priorities. Quantification: The Bank strictly disclosed relevant quantitative indicators in the report according to regulatory requirements. Balance: The Bank attached great importance to substantiality of information disclosure and objectively and fairly disclosed quantitative and qualitative information about substantial ESG topics. Consistency: The Bank made ongoing disclosure through the consistent reporting methods. The report preparation and reference basis were detailed in the explanation section of the report, and adjustment to reference basis was disclosed in time.

## Investor Relations

The Bank has always adhered to the principle of closely following the market, being forward-looking in judgment, professional and efficient, as well as comprehensive and synergistic. By establishing contacts with various entities in the capital market, the Bank has established a multi-channel communication platform, continuously tracked regulatory trends, market focuses and analyst research reports, and developed an effective internal and external coordination mechanism, striving for creating long-term value for investors. The Bank leverages investor communication activities, communication platforms such as results presentations and roadshows, surveys and summits, investors hotline and mailbox, and SSE E-interaction to maintain normal communication with the capital market in a flexible way. It fully displays business development achievements, responds to investors' concerns in a timely manner and actively communicates on hot issues, making it widely recognized by the market. The Bank emphasizes on improving the bank-wide capital market awareness, strengthens research on capital market viewpoints and conveys the viewpoints within the bank, and promotes the integration of investors' concerns into operation and management across the Bank.

During the reporting period, under the great support and guidance of the Board of Directors and the senior management, the Bank held four results presentations through on-site meetings, conference calls and other means. Among them, the 2020 annual and 2021 interim results presentations were held in the form of "online video livestreaming + phone access + live text broadcast", conveying the Bank's development strategy and long-term value to capital markets. The 2020 annual results presentation was awarded "Excellent Case of 2020 Annual Report Results Presentations by Listed Companies" by the China Association for Public Companies.

After the release of the 2020 annual results and 2021 interim results, the Chairman and senior management members of the Bank led several teams to carry out online roadshows, conducted in-depth communication with investors and analysts on business development, transformation and innovation, strategic vision and other situations of the Bank with a sincere and open attitude, and actively responded to the concerns of the capital market. Over the year, the Bank organized 46 roadshows online, attended 23 investment forums and summits, and received visits of 56 surveys, communicating with domestic and overseas investors and analysts by 1,650 person-times via a total of 125 meetings. It also actively participated in the event of "2021 Collective Reception Day for Investors of Listed Companies in Beijing", during which it communicated with investors online on the platform of SSE Roadshow Center.

The international ratings and domestic ratings of the Bank remained unchanged with a stable outlook, which was still at a leading level in China's banking industry, reflecting the high recognition of the Bank's development ability and potential by the capital market. Moreover, the Bank received the "Best Investor Relations Award" and "Best Investment Value Award" in the selection for "2021 China Financing Awards" organized by the Hong Kong finance magazine China Financial Market.

### The Board of Supervisors performs supervision duty

The Board of Supervisors of the Bank gave full play to its supervising and check-and-balance role, earnestly fulfilled the duty of overseeing the social

responsibility performance of the Board of Directors and senior management, and actively protected the legitimate rights and interests of the Bank, shareholders, employees, creditors and other stakeholders. During the report period, the Board of Supervisors reviewed and adopted the 2020 CSR (Environmental, Social, Governance) Report, voiced their own opinions on the deliberation of the report, and disclosed the opinions in the annual report. The Board of Supervisors reviewed and analyzed the Bank's reports on its efforts to support rural revitalization, support micro and small businesses, implement inclusive finance policies, build a green bank, protect consumer rights, implement anti-money laundering, etc. It included the protection of consumer rights and stakeholders' interests, and fulfillment of CSR into the annual performance evaluation, and further strengthened supervision and evaluation of the social responsibility and duty performance of the Board of Directors and senior management.

During the reporting period, the Board of Supervisors focused on the implementation of key measures aimed to serve rural revitalization, facilitated steady development of cooperative services to benefit farmers, and urged the Bank to put in place its positioning of serving Sannong, urban and rural residents, and SMEs. With a focus on the green development concept and the regulatory policy framework for green finance in recent years, the Board of Supervisors paid attention to the building of a green bank and accelerated the development of green finance of the Bank.

### Earnestly fulfilling audit supervision responsibility

Regarding internal audit, the Audit Office supervised through auditing the implementation of key policies, services for the real economy, risk management, internal control, financial management, IT, consumer rights protection, anti-money laundering, etc., promoted the improvement of the Bank's ability in providing inclusive financial services and green financial services, put forward relevant improvement suggestions, and continued to follow up on the rectification of the problems found in the supervision, to improve the quality and efficiency of audit supervision. Meanwhile, it promoted the optimization of the internal audit management architecture, improved audit policies and regulations, strengthened the building of the audit talent team, deepened the application of big data audit technology, and accelerated the digital transformation of audit work, thus providing strong support to the Bank's stable operation and high-quality development.

In terms of information security and system audit, the Audit Office conducts relevant audits every year. In 2021, it conducted seven IT audits, namely, data governance audit, cybersecurity audit, business continuity audit, Hefei Data Center audit, wealth management subsidiary system development audit, security audit for sensitive information in bank card payment, and direct banking business system security audit. With a focus on the development of information security regulations and information security management mechanism, as well as the development security, data security, operation and maintenance security and cybersecurity related to information systems, it continued to promote improvement in the information security management and IT governance across the Bank.

## ► Risk management

PSBC continued to optimize the comprehensive risk management system that covers "all aspects, whole process and entire staff", further strengthened the top-level design of risk management, steadily implemented advanced approaches for capital management in an orderly manner, and continuously made progress in application. It actively promoted digital transformation and upgrading of risk management, realized automated review and approval and post-lending precision management for retail loans, and made the risk management of non-retail credit portfolios and that on the customer level more intelligent. It strictly observed the bottom line for asset quality management, enhanced risk control in key fields, and actively expanded channels for disposing non-performing assets. It carried out activities designed to improve the quality and efficiency of internal control and compliance, promoted the building of internal model approaches with respect to market risk, optimized the monitoring and early warning mechanisms of operational risks, and consolidated the quality and efficiency of professional risk management, to further improve the level of risk management of the Bank.

The Bank continued to strengthen IT risk management and gave full play to the "three lines of defense" mechanism against IT risk. It strengthened data security management and personal information protection, steadily carried out activities aimed to improve the quality and efficiency of IT risk management, optimized cybersecurity defense in depth techniques, and continued to conduct risk monitoring, evaluation and check, to improve overall IT risk control capability. It strengthened infrastructure construction, sped up the building of automated operation and maintenance capability, promoted the implementation of operation and maintenance standards, and made proper arrangements for continuous operation. The Bank also enhanced disaster recovery preparation. It prepared backup and support plans in advance, as well as a contingency plan for extreme situations, and conducted special emergency drills, to improve its emergency response capability.

The Bank has always been dedicated to improving internal control and compliance management capability. It has aligned itself with standards of modern commercial banks, and intensified efforts to strengthen strategic layout of internal control and compliance, through the guidance of concept, development of mechanisms, and innovation in approaches. In 2021, the Bank dispatched risk managers to institutions at the primary level, to steadily promote the building of an internal control mechanism in institutions at the primary level. As a result, the effectiveness of internal control at the primary level improved quickly. Currently, there are over 1,600 such risk managers who focus on control of operational risk and compliance risk in non-counter business at the primary level, instruct and supervise the risk management work of institutions at the primary level, are dedicated to preventing cases, risk events and major violations, and make solid efforts to strengthen internal control and management.

## ► Stakeholder management

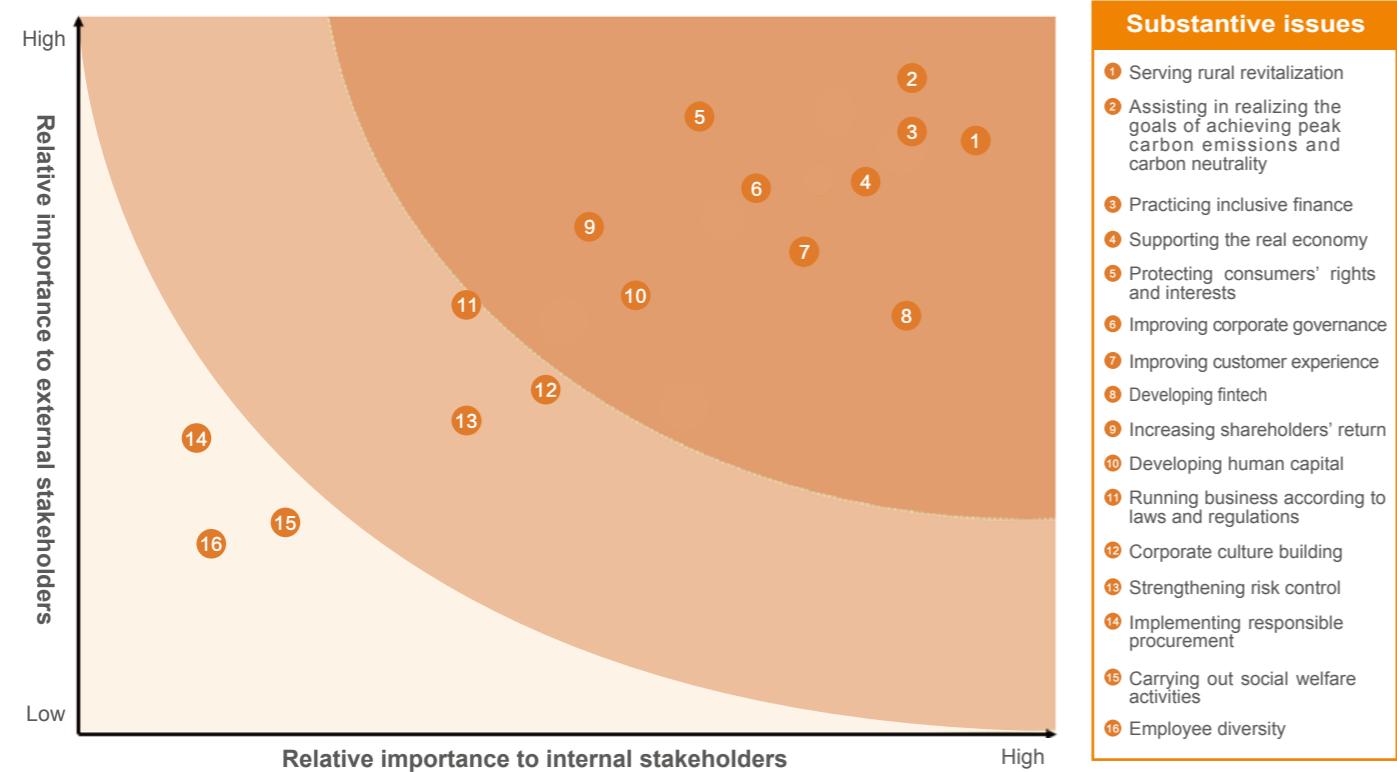
Stakeholders	Core expectations and appeals	Form of communication	Response measures
Government	<ul style="list-style-type: none"> <li>Serve the new development pattern in all respects</li> <li>Assist in realizing goals of achieving peak carbon emissions and carbon neutrality</li> <li>Serve rural revitalization</li> <li>Practice inclusive finance</li> <li>Support the real economy</li> <li>Support the fight against the pandemic</li> </ul>	<ul style="list-style-type: none"> <li>Special report</li> <li>Day-to-day communication</li> </ul>	<ul style="list-style-type: none"> <li>Implement policies and guidelines</li> <li>Implement national strategies and plans</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>Run business according to laws and regulations</li> <li>Improve corporate governance</li> <li>Strengthen comprehensive risk management</li> <li>Step up efforts in anti-money laundering</li> </ul>	<ul style="list-style-type: none"> <li>Work report</li> <li>On-site inspection</li> <li>Off-site regulation</li> <li>Discussion at meetings</li> </ul>	<ul style="list-style-type: none"> <li>Implement regulatory policies and requirements</li> <li>Improve corporate governance</li> <li>Strengthen risk control and internal control management</li> </ul>

Stakeholders	Core expectations and appeals	Form of communication	Response measures
Shareholders/investors	<ul style="list-style-type: none"> <li>Promote business development, improve profitability, and increase shareholders' return</li> <li>Strictly control ESG risks and ensure secure and stable operations</li> <li>Timely, accurate and comprehensive information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders' General Meeting</li> <li>Announcements by the Board of Directors</li> <li>Periodical reports</li> <li>Results presentation</li> <li>Day-to-day communication</li> </ul>	<ul style="list-style-type: none"> <li>Achieve stable operations and strengthen sustainable competitiveness</li> <li>Conduct comprehensive risk management</li> <li>Improve the transparency of information disclosure</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Protect consumers' rights and interests</li> <li>Improve customer experience</li> <li>Strengthen innovation in fintech</li> <li>Accelerate innovation in financial products and services</li> </ul>	<ul style="list-style-type: none"> <li>Physical channels and online platforms</li> <li>Satisfaction survey</li> <li>Training and roadshows</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen innovation in science and technology</li> <li>Strengthen consumer protection</li> <li>Implement projects aimed to improve customer experience</li> </ul>
Partners	<ul style="list-style-type: none"> <li>Be fair and transparent</li> <li>Develop mutual beneficial and win-win cooperation</li> <li>Promote industrial development</li> <li>Implement responsible procurement</li> </ul>	<ul style="list-style-type: none"> <li>Business communication</li> <li>Industry seminars</li> <li>Information disclosure</li> <li>Supply-demand seminars</li> </ul>	<ul style="list-style-type: none"> <li>Adhere to the principles of good faith and fair competition</li> <li>Improve purchase management</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Safeguard employees' legal rights and interests</li> <li>Employee diversity</li> <li>Promote the development of human resources</li> <li>Enrich employees' sparetime life</li> </ul>	<ul style="list-style-type: none"> <li>Employee representatives' meeting</li> <li>Employee survey</li> <li>Opinion collection and feedback</li> </ul>	<ul style="list-style-type: none"> <li>Revise relevant policies and regulations</li> <li>Improve the talent cultivation system</li> <li>Care for employees' work and life</li> <li>Refine the promotion mechanism</li> </ul>
Public and media	<ul style="list-style-type: none"> <li>Disclose information in a timely and objective manner</li> <li>Ensure smooth communication and response</li> <li>Jointly build harmonious communities</li> </ul>	<ul style="list-style-type: none"> <li>Official website</li> <li>Weibo, WeChat and other platforms</li> <li>Education on financial knowledge</li> <li>Media interview</li> </ul>	<ul style="list-style-type: none"> <li>Educate the public on financial knowledge</li> <li>Carry out charity activities</li> <li>Participate in community construction</li> </ul>
Environment	<ul style="list-style-type: none"> <li>Actively address climate challenges and assist in realizing the goals of achieving peak carbon emissions and carbon neutrality</li> <li>Promote the development of the green financial system</li> <li>Improve environmental and social risk management</li> <li>Support the development of green, low-carbon economy</li> </ul>	<ul style="list-style-type: none"> <li>Information disclosure</li> <li>Publicity of green finance</li> <li>Special researches and articles</li> </ul>	<ul style="list-style-type: none"> <li>Optimize the credit structure</li> <li>Strengthen environmental and social risk management</li> <li>Develop new green financial products and services</li> <li>Develop green office</li> <li>Implement green procurement</li> </ul>

## ► Analysis of substantive issues

In 2021, the Bank continued to communicate with stakeholders including governmental and regulatory departments, shareholders and investors, employees, customers, suppliers, financial peers, industry associations, non-profit organizations and community organizations via official and non-official channels such as day-to-day communication, collection of policy documents, working conferences, special reporting, questionnaire survey, etc.

Based on analysis of stakeholders' opinions and feedback, the substantive issues of the Bank during the year further focused on such ESG issues as assisting in realizing the goals of achieving peak carbon emissions and carbon neutrality, serving rural revitalization, practicing inclusive finance, developing fintech, protecting consumers' rights and interests, developing human capital, improving customer experience, etc., in order to better respond to stakeholders' concerns.



# Environment<sup>1</sup>

## ➤ Aspect A4: Climate Change

**Strengthening risk management.** The Bank incorporated environmental and climate risks into the whole-process management of the credit business including risk policy, risk limit, credit extension policy, customer rating, review & approval, lending management, post-lending management, etc. It formulated the measures for management of environmental and social risks, classified credit customers into A, B and C, and implemented dynamic management. “ESG Risk and Climate Risk” were included in corporate customers’ credit investigation and review report templates, and ESG risk was included as an internal rating adjustment factor. From 2017 to 2021, the Bank conducted ESG risk screening every year, and in 2021 it added a special inspection on the climate risk of key industries that discharge greenhouse gases, so as to get a clear picture of the base number, address risks by category, and forestall and dissolve latent risks. The Bank strictly controlled the growth and proportion of credit to fields with high energy consumption, high emissions and overcapacity. Over the past three years, the proportion of corporate loans to companies with high energy consumption, high emissions and overcapacity in total corporate loans was reduced year by year. As at the end of 2021, the balance of corporate loans to companies with high energy consumption, high emissions and overcapacity stood at RMB50,523 million, accounting for 2.24% of the Bank’s total corporate loans, down 0.91 percentage point from the prior year-end. Stricter new customer access management was adopted, and support for projects with high energy consumption and high emissions that do not meet requirements was forbidden. Climate risk stress tests in the industries of thermal power, steel and cement were completed.

**Conducting stress tests.** In 2021, the Bank participated in the climate risk stress test organized by the PBOC and assessed the potential impacts of the transformation designed to achieve peak carbon emissions and carbon neutrality on the Bank’s credit assets. The test results show that under the stress scenario, the credit risks of the Bank’s customers in the thermal power, steel and cement industries increased, but their impacts on the Bank’s capital adequacy are controllable on the whole. PSBC Zhejiang Branch conducted an environmental stress test based on the carbon footprints of assets. The Branch conducted an environmental stress test on the cement, power and petrochemical industries using the “bottom-up” corporate financial transmission model and the capital asset pricing model, to measure the environmental risks of industries with heavy pollution and high emissions from multiple dimensions.

Note: 1. During the reporting period, the Bank was not subject to any administrative punishment for environmental problems. Environmental Aspect A1: Emissions, Aspect A2: Use of Resources, Aspect A3: Environment and Natural Resources. Please refer to “Efficiency and energy conservation: implementing green operation”.

2. With respect to the classification of industries with high energy consumption, high emissions and overcapacity, please refer to the Notice on Issuing Key Evaluation Indicators for Green Credit (Y.J.B.F. [2014] No. 186) by the General Office of China Banking Regulatory Commission (now China Banking and Insurance Regulatory Commission).

**Supporting international initiatives and principles.** In May 2021, the Bank officially adopted the Principles for Responsible Banking (PRB) and joined the United Nations Environment Programme Finance Initiative (UNEP FI). In July, the Bank officially became a supporting institution of the Task Force on Climate-related Financial Disclosures (TCFD).

**Strengthening cooperation.** The Bank became one of the founding organizations of the Carbon Neutrality Action Alliance. It issued the Joint Initiative of Financial Institutions to Support the Construction of Shanghai International Carbon Finance Center jointly with relevant financial institutions. In addition, the Bank signed the Strategic Cooperation Agreement to Support the Development of the National Carbon Market with Carbon Emission Rights Registration & Settlement (Wuhan) Co., Ltd. It also signed the Joint Declaration of Banking Institutions to Support Biodiversity Conservation.

**Piloting carbon accounting.** With the help of the Jinjing credit risk monitoring system, the Bank carried out environmental and climate risk management in a bid to restore customers’ environmental credit. The Bank also conducted corporate carbon accounting to help enterprises calculate greenhouse gas emissions. As at the end of 2021, the Bank helped 280 corporate customers restore environmental credit, and helped 457 complete carbon accounting.

## Promoting the pilot project of carbon accounting in an orderly manner to help achieve the goal of achieving peak carbon emissions and carbon neutrality

PSBC actively promoted carbon accounting in corporate customers that are not compulsively required to disclose environmental information. By cooperating with the Institute of Public & Environmental Affairs (IPE) and using the greenhouse gas emission accounting platform, InsBlue, the Bank provided real-time online greenhouse gas emission accounting for corporate customers. Following the principles of conducting active exploration, letting customers decide, and taking an orderly approach in implementation, the Bank developed the “three-step” concept to implement the pilot project of carbon accounting: Step 1, determining PSBC Zhejiang Huzhou Branch as the first pilot bank to test the water and accumulate piloting experiences; Step 2, selecting PSBC Zhejiang Branch, Guangdong Branch, Shandong Branch and Chongqing Branch as the second fleet of pilot banks to expand the pilot project in a steady and orderly manner; and Step 3, promoting the pilot project in 36 tier-1 branches across China.

To ensure the smooth implementation of the pilot project of carbon accounting, the Bank did the following: first, the Bank formulated a work plan for corporate carbon accounting. Rejecting the one-size-fits-all approach, the Bank laid down different corporate carbon accounting objectives for different branches based on local conditions. Second, the Bank established an incentive and restraint mechanism, included the carbon accounting promotion indicator into the credit management evaluation system, and circulated evaluation results on a quarterly basis. Third, the Bank issued supporting policies. Enterprises that conduct carbon accounting are provided with preferential loan interest rates, and their applications are first reviewed via the “green channel” in such procedures as customer access and credit recheck. As at the end of 2021, the Bank helped 457 corporate customers complete carbon accounting.

# Society

## ➤ Aspect B1: Employment, Aspect B4: Labor Standards

PSBC strictly complied with the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China, the Provisions on Prohibiting the Use of Child Labor promulgated by the State Council and other relevant laws and regulations, ensured employees’ labor rights, and protected their rights and interests. It signed the labor contracts with employees according to law, and clearly stipulated working hours, rest days and vacation, labor protection and working conditions in the labor contract. The Bank fulfilled its obligations as provided in the labor contract, which included guaranteeing the occupational health and safety of employees, paying remuneration on time and in full, arranging reasonable working hours, following the rules of annual paid leave, and protecting other rights and interests of employees. As at the end of 2021, the Bank hired neither child labor nor any forced labor. It recruited employees based on business development needs and in compliance with laws and regulations, and adhered to the principle of selecting talents in a competitive way. It showed no discriminatory treatment due to sex, nationality, etc. in its policies and practices of employee recruitment and internal promotion, to ensure justice and equity.

The Bank continuously deepened the building of the working system for serving employees. Starting with the most urgent and most fundamental issues such as frontline employees’ dining and break time, the Bank extended its service scope to

include eight aspects, namely, complaint collection, skill improvement, democratic management, mutual help, support and assistance, psychological care, maternal and child care, and cultural and sports activities, and worked on details in various fields. The Bank also put in place measures to care for female employees. In 2021, the Bank gave out the "1 + 1" (one "uniform for mother-to-be" and one "expectant mother badge") gift packages to female employees as expectant mothers across the Bank for the first time. Thanks to the package, expectant mothers are provided with uniforms that fit them and those who work at the frontline and in their early days of pregnancy could receive extra care during their pregnancy.

From the perspective of "employees' experience", the Bank organized and held the annual survey of PSBCers, continuously collected PSBCers' opinions and advice and made responses. More than 140,000 employees or over 70% of all employees across the Bank participated in the survey.

Indicator	Unit	Figure
Total number of employees	Person	178,252
Total number of male employees	Person	71,728
Total number of female employees	Person	106,524
Number of contracted employees	Person	178,252
Number of dispatched employees	Person	15,694
Total number of full-time employees	Person	178,252
Total number of part-time employees	Person	0
Number of employees aged 30 or below	Person	34,620
Number of employees aged between 31 and 40	Person	88,064
Number of employees aged between 41 and 50	Person	41,058
Number of employees aged 51 or above	Person	14,510
Number of Head Office employees	Person	5,914
Number of employees in Yangtze River Delta	Person	19,575
Number of employees in Pearl River Delta	Person	18,964
Number of employees in Bohai Rim	Person	26,643
Number of employees in Central China	Person	45,504
Number of employees in Western China	Person	41,178
Number of employees in Northeastern China	Person	20,474
Employee turnover rate	%	2.47
Male employee turnover rate	%	2.56
Female employee turnover rate	%	2.40
Turnover rate of employees aged 30 or below	%	6.95
Turnover rate of employees aged between 31 and 40	%	1.93
Turnover rate of employees aged between 41 and 50	%	0.40
Turnover rate of employees aged 51 or above	%	0.27
Head Office employee turnover rate	%	2.71
Turnover rate of employees in Yangtze River Delta	%	4.77
Turnover rate of employees in Pearl River Delta	%	3.21
Turnover rate of employees in Bohai Rim	%	1.60
Turnover rate of employees in Central China	%	1.64
Turnover rate of employees in Western China	%	2.83
Turnover rate of employees in Northeastern China	%	1.77
Proportion of female employees	%	59.76
Proportion of ethnic minority employees	%	6.49
Labor contract signing rate	%	100
Male-female ratio in middle- and senior management	%	4.1:1

## ► Aspect B2: Health and Safety

Indicator	Unit	Figure
Number of employees who died on the job in 2019	Person	6
Number of employees who died on the job in 2020	Person	4
Number of employees who died on the job in 2021	Person	3
Ratio of employees who died on the job in 2019	%	0.0034
Ratio of employees who died on the job in 2020	%	0.0022
Ratio of employees who died on the job in 2021	%	0.0017
Number of employees who were injured during work in 2021	Person	238
Number of working days lost due to work-related injuries in 2021	Day	12,338

PSBC attached great importance to the safety in the working environment and employees' personal safety, earnestly implemented the Management Measures of Postal Savings Bank of China for Security (Revised version in 2018) and continued to educate employees on safety in the workplace. The Bank promoted the implementation of the Three-Year Action Plan for Special Work Safety Improvement of Postal Savings Bank of China, conscientiously conducted special inspections and rectification activities, and prevented the occurrence of major workplace accidents.

### Strengthening safety education and training to enhance the safety awareness

The Bank held themed activities including "Safety Awareness Month" "Workplace Safety Month" and "Fire Safety Month" to publicize safety knowledge and emergency skills and enhance employees' safety awareness. It provided training for the PSBC financial security management personnel and for leaders of tier-1 branches in charge of safety and security, which effectively improved safety management personnel's professional competence. It issued the Implementation Measures for Fire Safety Responsibility System of the Head Office of Postal Savings Bank of China (2021) and further enhanced the Head Office's fire safety management. It organized registered fire protection engineers at different levels to provide fire safety training for safety personnel within their respective jurisdiction to improve fire safety duty performance.

### Conducting special inspection and rectification activities to strengthen the line of defense for workplace safety

The Bank organized institutions at all levels across the Bank to conduct fire safety inspection and rectification activities and special safety risk inspections for business warehouses, which effectively addressed latent safety risks in firefighting and business warehouses. It promoted the building of the monitoring system on safety in utilization of electric power, screened and prevented fire risks of electric appliances. It promoted four types of remote guard and authorization of business warehouses to reduce employees' labor intensity and further prevent personal and property safety risks at the duty rooms in warehouses.

### Strengthening technology-empowered prevention capability to improve technological empowerment level

The Bank put into use the safety and security management system, and completed the development, testing and application of the intelligent video analysis system, using technological means to improve work efficiency and reduce employees' workload. It tested the alarm system at business outlets to make sure it can work effectively. It accelerated the building of the connected monitoring center of tier-2 branches, to improve branches' alarm receiving and handling efficiency and their capability to respond to external risk incidents. It completed the installation of the anti-card-fraud electromagnetic interference module in self-service equipment to effectively block the skimming risk of bank cards during use.

## ► Aspect B3: Development and Training<sup>1</sup>

PSBC continued to push forward with the talent development and training, and strengthened the building of talent teams on all fronts. Keenly aware of the trends for operation management and business development, the Bank put more emphasis on compliance and risk training, and worked harder to forge a team of high-quality professionals. It took moves to better the personnel training and development system in which centralized training courses and remote training sessions are the main part with Party school training, qualification certification and other means of training acting as complements. In 2021, the Bank held more than 43,000 training sessions online and offline, which involved more than 2.71 million person-times.

The Bank strengthened effort to diversify the forms of training resources through excellence selection activities. In 2021, the Head Office continued to hold the contests of "Top 10 Micro Classes" and "Top 10 Cases", commended and showcased the winners of the two contests in 2020. In the meantime, it strengthened the promotion and application of the results and helped employees accumulate knowledge and experiences and improve skills.

The Bank paid more attention to the training of executives with emphasis on leadership. Based on a three-tier system of "professional capability, operation and management capability, and leadership", the Bank created the "voyaging plan" training program. In 2021, the Bank's training of executives involved more than 1,000 person-times.

The Bank intensified the training of professionals with emphasis on professional capability. With the goal of improving employees' professional capability, it systematically established the job qualification certification system and held job qualification certification exams on a regular basis. In 2021, there were 280,000 person-times of participation in the exams.

The Bank strengthened the training of operating personnel centering on service capability. For tellers at outlets, with the improvement of professional competence and vocational skills as the core, the Bank carried out short-time, frequent daily training sessions at a fast speed, and applied different methods such as remote training and micro-course learning to update employees on regulatory requirements and business norms in a timely and efficient manner.

The Bank reinforced the training of sales forces with a focus on marketing capability. Centering on the marketing capability, the Bank helped marketing personnel such as account managers and wealth managers to enhance their market expansion ability, risk identification capability and professional ethics. It gave proper training on business/product knowledge and consumer protection, in an effort to lay a solid foundation for the delivery of customer services. On-site CFP training sessions were organized to systematically improved wealth managers' professional knowledge, customer service capabilities and marketing skills.

Indicator	Unit	Figure
Total number of employees attending training <sup>2</sup>	Person	190,412
Percentage of employees attending training	%	98.03
Percentage of male employees attending training	%	97.75
Percentage of female employees attending training	%	98.22
Percentage of middle and senior management personnel attending training	%	92.75
Percentage of personnel at other levels attending training	%	98.04
Duration of training per employee	Hour	40.6
Duration of training per male employee	Hour	34.89
Duration of training per female employee	Hour	44.37
Duration of training per employee at middle and senior management	Hour	72.29
Duration of training per employee at any other level	Hour	40.54

Note: 1. Please refer to "Talent development: growing with employees" for more information.

2. Employees attending training included contracted and dispatched employees.

## ► Aspect B5: Supply Chain Management

Centering on the theme of promoting high-quality development, PSBC applied in depth the positioning of "compliance, professionalism and service" in procurement management, strictly implemented laws and regulations about procurement, continuously refined procurement management policies and regulations, optimized the organizational process for procurement, and promoted IT-based procurement. First, the Bank made it clear in procurement management regulations that it is necessary to follow the principles of openness, fairness and justice, give priority to energy-saving and environmentally-friendly products and green-labeled products, and meet green packaging and green transportation requirements. Second, throughout the whole procurement process, the Bank urged suppliers to fulfill social responsibilities, and listed suppliers' fulfillment of such social responsibilities as green and environmental protection practice, environmental management, quality management, and employees' benefits, as an important evaluation indicator in business steps including supplier qualification access, business scoring, agreement signing and post-evaluation. Third, the Bank continued to require suppliers to sign and perform the Agreement on Energy Conservation, Emission Reduction, and Green and Eco-friendly Development and the Letter of Commitment of Integrity, to promote suppliers to jointly perform their social responsibilities such as green and environmental protection responsibilities. Fourth, the Bank strengthened IT-based procurement and promoted online procurement and green procurement.

Indicator	Unit	Figure
Total number of suppliers	/	356
Number of suppliers in Yangtze River Delta	/	58
Number of suppliers in Pearl River Delta	/	39
Number of suppliers in Bohai Rim	/	228
Number of suppliers in Central China	/	9
Number of suppliers in Western China	/	10
Number of suppliers in Northeastern China	/	6
Number of suppliers in Hong Kong, Macao and Taiwan and overseas regions	/	6
Number of suppliers already finishing environmental and social risk assessment	/	356

## ► Aspect B6: Product Responsibility<sup>1</sup>

### Protection of personal information

PSBC formulated policies, measures and corporate standards for protection of personal customer information, information system data security management, and multi-layered protection for data security, which have laid out specific requirements on division of internal job responsibilities, working procedures, data lifecycle security protection, and customer information protection. On the basis of ensuring traditional cybersecurity, the Bank focused on protection of important and sensitive data and customers' personal information. Meanwhile, the Bank included data security and customer information protection into the Bank-wide consumer protection and IT risk management scope, carried out evaluation, inspection and audit in a coordinated manner, and saw policies and regulations effectively put in place. The Bank also issued the Contingency Plan of Postal Savings Bank of China for Personal Information Security Incidents, which gives instructions on how to efficiently handle personal information security incidents and thus protects financial consumers' rights and interests.

The Bank analyzed the application scenarios of important sensitive data and personal customer information, established the "baseline of data security requirements", updated it regularly according to internal and external regulatory requirements, and laid down the lifecycle protection requirements of important sensitive data and personal customer information in the Bank's information systems. Meanwhile, the Bank promoted the development of the automated requirements analysis platform, strengthened security control of "data security requirements" in all stages of development of information systems, and gradually realized technology application and closed-loop management of the protection requirements of important sensitive data and personal customer information in all systems.

Note: 1. Aspect B6.1 and B6.4 are inapplicable to PSBC. For B6.2, please refer to "Good faith: protecting customer rights and interests".

## Payment security

PSBC continued to optimize the system technology control function and strictly abided by the business access review policy to ensure the security of transmission of payment data and the controllability of business scenario risks. In terms of prevention of new types of telecommunications fraud, the Bank established the special task force for tackling of "capital chains" of telecommunications fraud and built the long-acting management mechanism to improve the overall prevention capability of the Bank. It continuously improved system functions, actively employed technologies such as big data and face recognition to strengthen system control capability. It strictly controlled the customer access by enhancing customer identity recognition, to strictly control risks in incremental business; reviewed the existing accounts to reduce risks in existing business; carried out publicity campaigns to crack down on telecommunications fraud and cross-border gambling, and fostered a good atmosphere in which the general public also participate in risk prevention and control.

## Intellectual property

PSBC strictly abided by applicable laws and regulations including the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China and the Copyright Law of the People's Republic of China, and carried out solid work in the creation, utilization, management and protection of intellectual property on an ongoing basis. The Bank encouraged independent innovation and fostered an innovative corporate culture. In all operating and management activities, the Bank strengthened monitoring and prevention of legal risk concerning intellectual property and actively fulfilled its intellectual property protection responsibility.

## Privacy policy

PSBC actively implemented applicable laws and regulations, including the Personal Information Protection Law of the People's Republic of China, the Cybersecurity Law of the People's Republic of China and the Data Security Law of the People's Republic of China. The Bank strictly followed the principle of being "legal, reasonable and necessary" when collecting, using, storing, protecting, sharing, forwarding, disclosing and managing (hereinafter referred to as "collecting and using") personal customer information via electronic channels such as mobile banking. It will also promptly revise and update relevant terms of the privacy policy in accordance with laws and regulations, industry developments and the Bank's business operations, in a move to protect customers' information security substantially.

Protecting customers' right to stay informed about in all respects. The Bank released the text of the privacy policy in conspicuous positions on mobile banking, the personal banking page of the official website, and the official WeChat account, showed customers the Bank's ways to collect and use personal customer information, and highlighted key articles needing customers' special attention. Meanwhile, in view of changes in latest laws and regulations, industry developments and the Bank's business operations, and based on the evaluation results on necessity in the collection and use of personal information, the Bank promptly revised and updated the privacy policy and relevant articles to ensure customers' right to stay informed about.

Protecting customers' right of independent choice from multiple perspectives. When a customer uses the Bank's electronic banking service for the first time, a privacy policy authorization page will pop out in a conspicuous way to guide the customer to read the policy carefully and give express consent before receiving electronic banking services. When using services via its mobile banking app, customers have the right to choose whether to allow the Bank to use their sensitive personal information or mobile phone related limits of authority. When customers choose to reject, the normal use of other services will not be affected.

## Product review

In terms of business and production innovation, PSBC implemented the management architecture featuring unified leadership and division of responsibilities, with the Business and Product Innovation Management Committee of the Senior Management of the Head Office coordinating the Bank-wide business and product innovation management. The Business and Product Innovation Management Committee, as the reviewing, decision-making and coordination organ of the product innovation work across the Bank, is mainly responsible for reviewing development plans, policies and regulations on product innovation and the necessity and feasibility of product innovation projects, ruling on the operation of major product innovation projects and product innovation disputes, deciding on major product innovation projects and coordinating resources to facilitate their implementation, as well as supervising and managing the implementation of relevant work.

Product innovation risk assessment has been incorporated into the comprehensive risk management system, and follows the unified risk management strategy and risk appetite. Under the leadership of the Risk Management Committee of the Senior Management of the Head Office, the Risk Management Department takes the initiative in organizing relevant activities, and other relevant departments undertake corresponding tasks based on their job responsibilities, so as to identify and assess various risks in product innovation, and put forward control measures and suggestions for making decisions.

## ► Aspect B7: Anti-corruption

### A clean financial culture

PSBC has actively conducted anti-corruption training and taken solid steps to organically integrate the building of a clean financial culture with banking business. In recent years, through policy making, education & guidance, publicity, and other means, the Bank has focused on establishing the idea of integrity among officials and further enhancing the awareness of honesty and self-discipline, to strengthen the line of defense in thinking against corruption.

Disciplinary inspection institutions at all levels of the Bank fully implemented the guiding principles of the 19<sup>th</sup> CPC National Congress and previous plenary sessions of the 19<sup>th</sup> CPC Central Committee, assisted the Party Committee of the Bank in advancing strict Party governance and strict bank governance, and faithfully performed the responsibilities for supervision, compliance of discipline and accountability. They strengthened political oversight centering on enhancing the "Four Consciousnesses" (maintaining political integrity, thinking in big picture terms, following the leadership core, and keeping in alignment with the central Party leadership), shoring up the "Four Confidences" (full confidence in the path, theory, system, and culture of socialism with Chinese characteristics), and ensuring "Two Upholds" (upholding General Secretary Xi Jinping's core position on the Party Central Committee and in the Party as a whole, and upholding the Party Central Committee's authority and its centralized, unified leadership). They gave play to the role of tour inspection as a sharp sword. Tour inspections were conducted at both the Head Office and branches to form tangible and effectively coverage. They persistently acted on the eight-point decision, resolutely opposed formalism and bureaucracy, and advocated new trends and integrity. In their daily supervision, by managing key matters and key persons at the right time, they strengthened the efficiency of supervision and governance. They conducted warning education that used cases to explain disciplines, laws, ethics and responsibilities, deepened the use of cases to promote reforms and improve governance, and strove to achieve the effect that a large group of audiences are warned and educated when one case is investigated and treated. Also, they strengthened the standard, law-based and regularized building of the team of disciplinary inspection officials and gave better play to their roles in supervising and promoting improvement and development of governance.

### AML

PSBC strictly implemented AML regulatory requirements, practiced the "risk-based" AML philosophy, established an AML rule system with the Basic AML Regulations of Postal Savings Bank of China as the foundation, and the Management Measures for Customer Identification and Retention of Customer Identity Information and Transaction Records of Postal Savings Bank of China and Management Measures for Large-value and Suspicious Transaction Reporting of Postal Savings Bank of China at the core, and built up AML governance capabilities. First, the Bank strengthened AML publicity. Under the theme of "Preventing Money Laundering Crimes Using Virtual Currencies", the Bank held the AML Awareness Month across the Bank, and organized PSBC institutions at all levels to make full use of their advantages in extensive outlet coverage to actively warn the public of the transaction risk of virtual currencies and further enhance the AML awareness of the public by cooperating with media in communication, carrying out characteristic activities, employing its own online and offline channels, etc. The activity achieved great publicity effect. Second, the Bank strengthened money laundering risk assessment and control. It established and improved the money laundering risk assessment mechanism and the indicator system, organized and conducted money laundering risk assessment, and refined the risk management strategy based on the assessment results, thus strengthening risk control of high-risk business. Third, the Bank continued to improve the AML suspicious transaction monitoring model system, and strengthened the training and evaluation on analysis of suspicious transactions to further improve the quality and efficiency of AML monitoring and analysis. Fourth, the Bank optimized and upgraded the functions of the AML system. It implemented AML data governance in depth and launched the new generation AML system development projects, which provided IT support for improving the AML work.

### Employee behavior management

PSBC constantly strengthened check of employee risk data. Through risk screening at key posts and key personnel, the Bank promptly identified employees' unusual behaviors and adopted effective measures, thus effectively preventing moral hazard of employees and controlling occurrence of cases at an even earlier stage. First, the Bank strengthened screening of employees' behaviors and intensified accountability. By checking employee risk data, it promptly identified and dealt with employees' violations and gave full play to the warning and deterrent effect of accountability system. Second, the Bank upgraded the monitoring and analysis system to improve the capability to predict risks. It continuously optimized the employees' abnormal transaction related risk model to further improve risk monitoring effectiveness.

### Protection of whistle-blowers

PSBC released the Measures of Postal Savings Bank of China for Handling of Employees Violating Laws and Regulations (Revised Version in 2019), which laid down the accountability standards for such acts in violation of laws and regulations as leaking whistle-blowing matters, retaliating against whistle-blowers, failing to protect whistle-blowers according to regulations, etc., to strengthen the protection of whistle-blowers. Meanwhile, the Bank held training in various forms to enhance employees' knowledge of the "negative list" of behaviors. In 2020, the Bank issued the Rewarding Measures of Postal Savings Bank of China for Employees Boycotting, Reporting and Stopping Violations of Laws and Regulations (Revised Version in 2020), specifying the rewarding scope, standards and procedures and stating that the legitimate rights and interests of whistle-blowers shall be safeguarded, and the actions of retaliating against whistle-blowers shall be investigated and punished in a timely manner, and necessary measures shall be taken to protect whistle-blowers. In 2021, the Bank strictly implemented relevant policies and requirements, rewarded whistle-blowing behaviors that meet requirements and held those who retaliated against whistle-blowers accountable, strengthening the protection of whistle-blowers.

## Case control

PSBC continued to improve case control and intensified efforts in the control of bribery and corruption among employees. According to regulatory requirements, the Bank included employees' criminal offences of bribery and corruption into the industry case management scope, and reported such offences to regulators and strictly implemented internal accountability measures in a timely manner. In 2021, the Bank formulated and issued the Operating Procedures for the Handling of Industry Cases and the Measures for Assessment of Industry Cases After Rectification, specifying the procedures and requirements for case investigation, rectification, accountability, case conclusion, post-event assessment, etc. of industry cases of employees such as bribery and corruption, to improve the case handling quality and efficiency. It organized and conducted case risk inspections. By making full use of off-site data analysis results, it checked abnormal suspicious transactions in the accounts of employees in key regions and on key positions to see if there was any violation such as bribery and corruption. It also organized heads of Head Office departments and tier-1 branches to sign the Case Control and Work Safety Liability Statement to ensure proper case control and improve case control and comprehensive governance capabilities. It held case warning and education activities, including organizing visits to warning and education bases like prisons, to educate employees to take cases as a lesson and strictly abide by laws and regulations. It compiled the Explanation and Analysis of Major Criminal Charges of Banking Employees, providing a comprehensive interpretation of corruption and bribery crimes. By explaining laws and giving a warning through cases, the Bank enhanced employees' professional ethics and awareness of compliance with laws and regulations.

Indicator	Unit	Figure
Number of AML training sessions	Session	10,018
Number of participants in AML training	Person-time	540,436
Number of anti-corruption training sessions for directors and employees	Session	12
Number of directors and employees participating in anti-corruption training	Person	175,803
Anti-corruption training hours attended by directors and employees	Hour	90,188
Number of settled corruption litigation cases relating to employees	/	0
Number of settled AML cases relating to the Bank	/	0

## Building of a compliance culture

PSBC issued the business priorities in improving the quality and efficiency of internal control and compliance for 2021, and continued to supervise and guide branches in relevant activities. Throughout 2021, the Head Office formulated and published eight issues of newsletters on activities, and the whole Bank organized 5,900 themed learning sessions, published 2,511 issues of activity periodicals and brief reports, and refined 4,203 policies. Through a series of activities including online learning and test, education on laws, lectures on code of conduct, building of a compliance culture corridor, compliance essay competition, publicity via warning and educational cartoons, and site tours to warning and education bases, the Bank guided employees to understand and abide by laws and disciplines, strengthened the awareness of internal control, conducted business according to laws and regulations, further regulated employees' behaviors, and created a good internal control and compliance culture. The Bank produced 13 episodes of the "Learn Compliance Every Day" video, 20 episodes of the "PSBC Explains Laws" warning and educational cartoon, and 18 episodes of the "PSBC Explains Laws: Laws in Everyday Life" educational cartoon for employees across the Bank to study.

## ► Aspect B8: Community Investment<sup>1</sup>

Note: 1. Please refer to "Charity: participating in social welfare activities".

# Third-party Assurance Report

**Deloitte.** 德勤

## Independent Assurance Report

### To the Board of Directors of Postal Savings Bank of China Co., Ltd. (the "Board of Directors"):

We have been engaged by the Board of Directors of Postal Savings Bank of China Co., Ltd. ("PSBC") to perform a limited assurance engagement on the *Postal Savings Bank of China 2021 Corporate Social Responsibility (Environmental, Social, Governance) Report* ("CSR Report") for the period from 1 January 2021 to 31 December 2021.

### Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing the *CSR Report* to meet the preparation guidelines of the Opinions on Strengthening Social Responsibilities of Banking Institutions (the former China Banking Regulatory Commission), the Corporate Social Responsibilities Guidelines for China's Banking Institutions (China Banking Association), the Guidelines No.1 for Self-discipline of Listed Companies Standardized Operation and Guidelines for Report on Performance of Corporate Social Responsibility (the Shanghai Stock Exchange), relevant requirements of the Environmental, Social and Governance Reporting Guide (the Stock Exchange of Hong Kong Limited), and the Principles for Responsible Banking (the United Nations Environment Programme) and its presentation (i.e., reporting guidelines, limitations, reporting data and relevant identification procedures). The *CSR Report* is prepared with reference to the Recommendations of the Task Force on Climate-related Financial Disclosures issued by the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board, the GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Sustainability Standard Board, ISO26000: 2010-Guidance on Social Responsibility issued by the international Organization for Standardization and GB/T36000: Guidance on Social Responsibility issued by the Standardization Administration of the PRC, and relevant opinions.

The Board of Directors is also responsible for determining PSBC's objectives in respect of CSR performance and reporting, including identifying stakeholders and relevant major issues, establishing and maintaining appropriate CSR performance management system and internal control system for obtaining performance information in the report, and maintaining sufficient records.

### Our Responsibilities

In accordance with the agreed terms with PSBC, we are responsible for performing a limited level of assurance engagement in selected data and performance claims ("the Subject Matter Information") of the *CSR Report*. Besides this responsibility, we have no more others. We do not assume responsibility or accept liability to any other person or third party for our work or the contents of this report.

The Subject Matter Information include:

- Balance of inclusive loans to micro and small businesses
- Balance of agriculture-related loans
- Balance of green loans
- Balance of green financing
- External donations (domestic)
- Total assets
- Total number of outlets

- Total number of outlets located in counties or areas below the county level
- Substitution ratio of electronic banking
- Total number of suppliers
- Total number of employees
- Proportion of female employees
- Male-female ratio in middle- and senior management
- Proportion of ethnic minority employees
- Labor contract signing rate
- Turnover rate of employees
- Total number of employees attending training
- Total GHG emissions
- Consumption of purchased electricity
- Consumption of office water
- Consumption of natural gas
- Total emissions of hazardous waste

#### Our Independence and Quality Control

We conducted our engagement in accordance with the independence and other ethical requirements in the "Code of Ethics for Professional Accountants" issued by the International Ethics Standards Board for Accountants. We maintain a comprehensive system of quality control applying "International Standard on Quality Control 1".

#### Basis of Our Assurance Work

We conducted our work in accordance with "International Standard on Assurance Engagements 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Federation of Accountants. We planned and performed our engagement to obtain all the information and evidences which we considered necessary to form conclusions.

#### Procedures, Scopes and Limitations of Our Work

Our independent limited assurance engagements in the *CSR Report* include interviewing personnel responsible for the *CSR Report*, analyzing information, and proceeding other steps to collect evidences. Specifically, our procedures include:

- Interviewing the bank management and staff responsible for information collection, consolidation and disclosure to understand the process of determining the key stakeholders and their major concerns, and relevant controls of the *CSR Report* preparation.
- According to interviews and review of related supporting documents, we learnt the inter-communication mechanism between PSBC and its key stakeholders, the expectations and requirements of key stakeholders, and PSBC's responses to these expectations and requirements.
- Establishing Subject Matter Information and relevant evaluation criteria of the 2021 *CSR Report* together with PSBC, which were included by the independent and limited assurance engagement.
- Sampling testing the consistency between PSBC's Subject Matter Information in 2021 and our work results, and assessing relevant control of the *CSR Report* preparation procedures.

#### Limitations of Assurance

The Limited assurance work aimed to ensure information reliability. The procedure scope was less than that of a reasonable assurance engagement. Our work performed and independent limited assurance report did not provide opinions on the effectiveness of PSBC's systems and procedures.

We performed our limited assurance engagement in PSBC's headquarter and Beijing Branch. For this engagement, we did not carry out such engagement at any other branches and subsidiaries of PSBC, nor interview external stakeholders. Historical comparison data were exclusive by this engagement.

Meanwhile the scope of the said limited assurance engagement excluded other information beyond Subject Matter Information disclosed in the *CSR Report* of PSBC.

#### Conclusions

- Based on the above work performed, nothing has come to our attention that would lead us to believe that there is any material misstatement related to the Subject Matter Information in PSBC's *CSR Report* prepared in accordance with reference to the standards.

#### Use of Independent Limited Assurance Report

This independent limited assurance report is only for the purpose of preparing the *CSR Report* of the Board of Directors, and is not suitable and cannot be used for other purposes.

Deloitte Touche Tohmatsu Certified Public Accountants LLP

March 30, 2022





# Indexes

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	3.2 The sustainable development practices and sustainable economic activities to which the bank and customers are committed	34-35 75-76 90	<ul style="list-style-type: none"> <li>• Low-carbon development: practicing green finance</li> <li>• Charity: participating in social welfare activities</li> <li>• ESG disclosure-supply chain management</li> </ul>
Principle 4: Stakeholders	4.1 Confirmation and resolution of issues of interest to stakeholders	83-85	<ul style="list-style-type: none"> <li>• ESG disclosure-governance (stakeholder management, analysis of substantive issues)</li> </ul>
	5.1 The bank's corporate governance structure and policy framework in line with the Principles for Responsible Banking	25-28 81-82	<ul style="list-style-type: none"> <li>• Responsibility planning</li> <li>• ESG disclosure-governance (corporate governance)</li> </ul>
Principle 5: Governance & Culture	5.2 Fostering a culture of responsible banking among employees	27 28 69-76	<ul style="list-style-type: none"> <li>• Corporate culture</li> <li>• Concept of CSR</li> <li>• Doing good to society</li> </ul>
	6.1 Good practices and progress in implementing the Principles for Responsible Banking by the bank	11-22 31-35 43-58 69-76 77-80 81-93 97-98	<ul style="list-style-type: none"> <li>• Feature story: serving rural revitalization and promoting common prosperity</li> <li>• Building beautiful ecology together</li> <li>• Strengthening the foundation of the people's livelihood</li> <li>• Doing good to society</li> <li>• CSR data</li> <li>• ESG disclosure</li> <li>• PRB content index</li> </ul>
Principle 6: Transparency & Accountability			

# GRI Content Index

Standard number and description		Note
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	102-2 Activities, brands, products and services	About us
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	102-5 Ownership and legal form	About us
	102-6 Markets served	About us
	102-7 Scale of the organization	About us
	102-8 Information on employees and other workers	Responsibility planning Talent development: growing with employees Charity: participating in social welfare activities ESG disclosure
	102-9 Supply chain	Technology empowerment: building a financial ecosystem Original aspiration: serving the new development pattern Supply chain management
	102-10 Significant changes to the organization and its supply chain	Supply chain management
Strategy	102-11 Precautionary principle or approach	Product responsibility Technology empowerment: building a financial ecosystem
	102-12 External initiatives	About this report
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	102-14 Statement from senior decision-maker	Message from the chairman
Responsible Management	102-15 Key impacts, risks and opportunities	Message from the chairman
	102-16 Values, principles, standards and norms of behavior	Responsibility planning
	102-17 Mechanisms for advice and concerns about ethics	Responsibility planning
	102-18 Governance structure	ESG disclosure
	102-19 Delegating authority	ESG disclosure
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	102-21 Consulting stakeholders on economic, environmental and social topics	ESG disclosure
	102-22 Composition of the highest governance body and its committees	ESG disclosure
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	102-24 Nominating and selecting the highest governance body	Refer to the annual report
	102-25 Conflicts of interest	Refer to the annual report

Standard number and description	Note
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Responsible Management	102-27 Collective knowledge of highest governance body
	102-28 Evaluating the highest governance body's performance
	102-29 Identifying and managing economic, environmental, and social impacts
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	102-33 Communicating critical concerns
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	102-38 Annual total compensation ratio
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	102-44 Key topics and concerns raised
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	102-46 Defining report content and topic boundaries
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	102-48 Restatements of information
	102-49 Changes in reporting
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	102-51 Date of most recent report
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	102-53 Contact point for questions regarding the report
	102-54 Claims of reporting in accordance with the GRI Standards
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Standard number and description		Note
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	103-2 The management approach and its components	ESG disclosure
	103-3 Evaluation of the management approach	ESG disclosure
GRI 201 Economic Performance	Management Approach	Strengthening economic foundation
	201-1 Direct economic value generated and distributed	2021 Economic performance indicators
	201-2 Financial implications and other risks and opportunities due to climate change	Building beautiful ecology together Environment
	201-3 Defined benefit plan obligations and other retirement plans	Refer to the annual report
	201-4 Financial assistance received from government	
GRI 202 Market Presence	Management Approach	
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	
	202-2 Proportion of senior management hired from the local community	
GRI 203 Indirect Economic Impact	Management Approach	
	203-1 Infrastructure investments and services supported	Original aspiration: serving the new development pattern Region-specific services: promoting coordinated development of regions
	203-2 Significant indirect economic impacts	Inclusive finance: supporting micro, small and medium-sized enterprises
GRI 204 Procurement Practices	Management Approach	ESG disclosure
	204-1 Proportion of spending on local suppliers	ESG disclosure
GRI 205 Anti-corruption	Management Approach	ESG disclosure
	205-1 Operations assessed for risks related to corruption	
	205-2 Communication and training about anti-corruption policies and procedures	ESG disclosure
	205-3 Confirmed incidents of corruption and actions taken	ESG disclosure
GRI 206 Anti-competitive Behavior	Management Approach	
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	
GRI 301 Materials	Management Approach	N/A
	301-1 Materials used by weight or volume	N/A
	301-2 Recycled input materials used	N/A
	301-3 Reclaimed products and their packaging materials	N/A
GRI 302 Energy	Management Approach	Efficiency and energy conservation: implementing green operation
	302-1 Energy consumption within the organization	2021 Environmental performance indicators
	302-2 Energy consumption outside of the organization	2021 Environmental performance indicators

Standard number and description		Note
GRI 302 Energy	302-3 Energy intensity	2021 Environmental performance indicators
	302-4 Reduction of energy consumption	2021 Environmental performance indicators
	302-5 Reductions in energy requirements of products and services	2021 Environmental performance indicators
GRI 303 Water	Management Approach	Efficiency and energy conservation: implementing green operation
	303-1 Water withdrawal by source	N/A
	303-2 Water sources significantly affected by withdrawal of water	N/A
	303-3 Water recycled and reused	
	Management Approach	Low-carbon development: practicing green finance
GRI 304 Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	
	304-2 Significant impacts of activities, products and services on biodiversity	Harmonious coexistence: building a green bank Low-carbon development: practicing green finance Charity: participating in social welfare activities
	304-3 Habitats protected or restored	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	
	Management Approach	Efficiency and energy conservation: implementing green operation
GRI 305 Emissions	305-1 Direct (Scope 1) GHG emissions	2021 Environmental performance indicators
	305-2 Energy indirect (Scope 2) GHG emissions	2021 Environmental performance indicators
	305-3 Other indirect (Scope 3) GHG emissions	2021 Environmental performance indicators
	305-4 GHG emissions intensity	2021 Environmental performance indicators
	305-5 Reduction of GHG emissions	2021 Environmental performance indicators
	305-6 Emissions of ozone-depleting substances (ODS)	N/A
	305-7 Nitrogen oxides (NOx), sulfur oxide (SOx), and other significant air emissions	2021 Environmental performance indicators
GRI 306 Effluents and Waste	Management Approach	Efficiency and energy conservation: implementing green operation
	306-1 Water drainage by quality and destination	N/A
	306-2 Waste by type and disposal method	
	306-3 Significant spills	N/A

Standard number and description		Note
	306-4 Transport of hazardous waste	N/A
	306-5 Water bodies affected by water drainage and/or runoff	N/A
GRI 307 Environmental Compliance	Management Approach	Efficiency and energy conservation: implementing green operation
	307-1 Non-compliance with environmental laws and regulations	
GRI 308 Supplier Environmental Assessment	Management Approach	ESG disclosure
	308-1 New suppliers that were screened using environmental criteria	
	308-2 Negative environment impacts in the supply chain and actions taken	
GRI 401 Employment	Management Approach	ESG disclosure
	401-1 New employee hires and employee turnover	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Talent development: growing with employees
	401-3 Parental leave	
GRI 402 Labor/Management Relations	Management Approach	ESG disclosure
	402-1 Minimum notice periods regarding operational changes	
GRI 403 Occupational Health and Safety	Management Approach	ESG disclosure
	403-1 Workers representation in formal joint management worker health and safety committees	
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	ESG disclosure
	403-3 Workers with high incidence or high risk of diseases related to their occupation	N/A
	403-4 Health and safety topics covered in formal agreements with trade unions	ESG disclosure
GRI 404 Training and Education	Management Approach	ESG disclosure
	404-1 Average hours of training per year per employee	
	404-2 Programs for upgrading employee skills and transition assistance programs	ESG disclosure
	404-3 Percentage of employees receiving regular performance and career development reviews	
GRI 405 Diversity and Equal Opportunity	Management Approach	ESG disclosure
	405-1 Diversity of governance bodies and employees	ESG disclosure
	405-2 Ratio of basic salary and remuneration of women to men	
GRI 406 Non-discrimination	Management Approach	ESG disclosure
	406-1 Incidents of discrimination and corrective actions taken	
GRI 407 Freedom of Association and Collective Bargaining	Management Approach	
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
GRI 408 Child Labor	Management Approach	ESG disclosure
	408-1 Operations and suppliers at significant risk for incidents of child labor	

Standard number and description		Note
GRI 409 Forced or Compulsory Labor	Management Approach	ESG disclosure
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A
GRI 410 Security Practices	Management Approach	ESG disclosure
	410-1 Security personnel trained in human rights policies or procedures	
GRI 411 Rights of Indigenous Peoples	Management Approach	N/A
	411-1 Incidents of violations involving rights of indigenous peoples	N/A
GRI 412 Human Rights Assessment	Management Approach	ESG disclosure
	412-1 Operations that have been subject to human rights reviews or impact assessments	
	412-2 Employee training on human rights policies or procedures	
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	
GRI 413 Local Communities	Management Approach	Charity: participating in social welfare activities
	413-1 Operations with local community engagement, impact assessments, and development programs	
	413-2 Operations with significant actual and potential negative impacts on local communities	
GRI 414 Supplier Social Assessment	Management Approach	ESG disclosure
	414-1 New suppliers that were screened using social criteria	ESG disclosure
	414-2 Negative social impacts in the supply chain and actions taken	
GRI 415 Public Policy	Management Approach	N/A
	415-1 Political contributions	N/A
GRI 416 Customer Health and Safety	Management Approach	Good faith: protecting customer rights and interests
	416-1 Assessment of the health and safety impacts of product and service categories	Good faith: protecting customer rights and interests
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	N/A
GRI 417 Marketing and Labeling	Management Approach	Good faith: protecting customer rights and interests
	417-1 Requirements for product and service information and labeling	
	417-2 Incidents of non-compliance concerning product and service information and labeling	
	417-3 Incidents of non-compliance concerning marketing communications	
GRI 418 Customer Privacy	Management Approach	Good faith: protecting customer rights and interests
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	
GRI 419 Socioeconomic Compliance	Management Approach	ESG disclosure
	419-1 Non-compliance with laws and regulations in the social and economic area	



# Feedback Form

Dear readers,

Thank you for taking time to read the 2021 Corporate Social Responsibility (Environmental, Social and Governance) Report of Postal Savings Bank of China Co., Ltd. We value your advice to our CSR report very much. In order to further improve this report, please kindly give us your suggestions and feedback regarding this report.

- Please identify yourself with one of the following options:

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- What do you think of the structure of this report?

Very reasonable  Reasonable  Acceptable  Poor  Very poor

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- What do you think of the quality of the CSR information disclosed in this report?

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- Do you have any comment or suggestion on the CSR Report or social responsibility work of the Bank?

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Thank you again for your support. You can send your feedback to us in any of the following ways:

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